HOUSE OF REPRESENTATIVES—*Tuesday, March 18, 1975*

The House met at 12 o'clock noon.

Rev. James C. Cammack, Snyder Memorial Baptist Church, Fayetteville, N.C., offered the following prayer:

In the majesty of a new morning, our Heavenly Father, we ask Thee to give patience and wisdom to each of these legislators as they begin another day of work.

Give them an openness toward each—and toward Thee. Show them how to differ without being difficult. Teach them the economy of words which neither wound nor offend.

May there be in their deliberations concession without coercion, and conciliation without compromise. Help them to be aware of Thy presence today as the Unseen Representative who is always present and voting.

In these troubled times, when lying has become an art and deceit a costly habit, guide each legislator so to speak and vote and live as to merit Thy blessing.

For Jesus' sake. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 3260. An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93-398), and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94-39), and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93-391), transmitted pursuant to the Impoundment Control Act of 1974; and

H.R. 4075. An act to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94-39), and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94-46), and of February 14, 1975 (H. Doc. 94-50), transmitted pursuant to the Impoundment Control Act of 1974.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 3260) entitled "An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93-398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94-39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93-391), transmitted pursuant to the Impoundment Control Act of 1974," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McCLELLAN, Mr. MAGNUSON, Mr. PASTORE, Mr. MCGEE, Mr. PROXMIRE, Mr. MONTOYA, Mr. INOUYE, Mr. CHILES, Mr. YOUNG, Mr. HRUSKA, Mr. FONG, Mr. MATHIAS, and Mr. BELLMON 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. 4075) entitled "An act to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94-39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94-46) and of February 14, 1975 (H. Doc. 94-50), transmitted pursuant to the Impoundment Control Act of 1974," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McCLELLAN, Mr. MAGNUSON, Mr. PASTORE, Mr. MCGEE, Mr. PROXMIRE, Mr. MONTOYA, Mr. INOUYE, Mr. CHILES, Mr. YOUNG, Mr. HRUSKA, Mr. FONG, Mr. MATHIAS, and Mr. BELLMON to be the conferees on the part of the Senate.

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

S. 326. An act to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands; and

S. 1172. An act to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a 10-year term for the appointment of the Director of the Federal Bureau of Investigation.

REV. JAMES CAMMACK

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

Mr. ROSE. Mr. Speaker, our prayer today was offered by one of the best preachers and pastors in the whole Baptist Church. Rev. James Cammack is a spiritual leader from my hometown of Fayetteville, N.C., and I welcome him today to the floor of the Congress of the United States.

Mr. Speaker, if we could but follow the prayer that Rev. James Cammack has offered to this august body, can we but dream of what our Nation could become?

May we have the faith and the courage, Mr. Speaker, to try.

Dr. James Cammack is a native of Dallas, Tex. He graduated in 1945 from the Southern Baptist Theological Seminary in Louisville, Ky., with a master of divinity degree. He holds an honorary doctor of divinity degree from Campbell College, Buie's Creek, N.C.

Dr. Cammack recently participated in traveling seminars under the auspices of Southeastern Baptist Seminary at Wake Forest in Winston-Salem, N.C. He covered 17 countries, including Africa, the Near East, Europe, and the Holy Land in a period of 2 months.

He has had preaching missions to Germany under the auspices of the Foreign Missions Board of his church in Richmond, Va.

His first parish was in Smithfield, N.C., in 1945, and he is presently serving as minister of the Snyder Memorial Baptist Church in Fayetteville, N.C., having been there since 1957.

Of his many community services, Dr. Cammack is on the board of the Cancer Society, the Council on Human Relations, and the Narcotics Commission. He is also a Kiwanian, and the author of a book entitled, "Yours To Share."

He is married to the former Julia Wallace of Waynesboro, Ga. They have one son, Chris.

RESOLUTION TO ESTABLISH SELECT COMMITTEE TO INVESTIGATE FACTUAL ACCOUNTING OF 921 U.S. SERVICEMEN STILL MISSING IN ACTION IN SOUTHEAST ASIA

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

Mr. MONTGOMERY. Mr. Speaker, today 29 Members and myself are introducing a resolution to establish a select committee of the House of Representatives to conduct a full and complete investigation into the factual accounting of the 921 U.S. servicemen still classified as missing in action in Southeast Asia, as well as the over 1,100 known dead whose remains have not been recovered as a result of continued military operations in North Vietnam, South Vietnam, Laos, and Cambodia.

Mr. Speaker, we must never cease in our efforts to gain compliance with paragraph 8B of the Paris peace accords until we have a complete accounting of these MIA's and until we make every effort to recover the remains of our known dead. The adoption of this resolution will further prove that the House of Representatives is deeply concerned about this problem and that this body will translate this concern into concrete action.

Later this week I will contact other Members of the House inviting their sponsorship of the resolution and urge them to become a cosponsor.

TOWARD SAVING $1.5 BILLION A YEAR THROUGH WELFARE REFORM LEGISLATION

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

Mr. ROBINSON. Mr. Speaker, today I have joined with a bipartisan group of Representatives in introducing welfare

reform legislation which is estimated to save taxpayers in excess of $1.5 billion a year.

By cutting fraudulent abuse and tightening loopholes, this legislation would save enough money to increase benefits to the truly needy.

The measure I refer to is the National Welfare Reform Act of 1975. It is aimed primarily at correcting deficiencies in the aid to families with dependent children—AFDC—program.

AFDC is the Nation's costliest welfare program, as well as the program most prone to abuse. The AFDC portion of the Federal budget has risen 6,800 percent since the program's inception in 1937 to the current level of $4 billion a year.

The detailed legislation which has been introduced today aims to eliminate the misuse of welfare funds which costs the taxpayer dearly.

Both parties of Congress must work together to restore fiscal sanity in the Government. This legislation is a step in the proper direction. No Federal program should be exempt from scrutiny as we approach a budget deficit now estimated to exceed $80 billion in the next fiscal year.

This bill represents only the first step toward reform of the major Federal welfare programs. Also under examination are the food stamp program, medicaid, and supplemental security income program.

I have long been on record for the reform of the food stamp program, Mr. Speaker. As the only Virginia member of the Agriculture Appropriations Subcommittee, I have seen firsthand how well-meaning programs can be subject to fraud and mismanagement which inflates costs beyond all reasonable levels.

As a significant move toward fiscal responsibility, the National Welfare Reform Act of 1975 represents one of the most thorough and comprehensive revisions of the AFDC program yet offered at the Federal level.

WORLD PRICE OF GASOLINE

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute to revise and extend his remarks and include extraneous matter.)

Mr. COLLINS of Texas. Mr. Speaker, we have had much discussion in Congress about the price of gasoline. No one wants to see the price rise, but a pragmatic evaluation of gasoline prices indicates higher prices ahead. I would like to provide for your reference the current price per gallon of regular gasoline, including tax, in cities around the world:

Afghanistan, Kabul	$0.54
Angola, Luanda	1.34
Australia, Sydney	.68
Austria, Vienna	1.26
Bangladesh, Dacca	1.71
Belgium, Brussels	1.48
Brazil, Rio de Janeiro	1.02
Britain, London	1.65
Bulgaria, Sofia	2.13
Cameroon, Yaounde	1.16
Chile, Santiago	1.07
Denmark, Copenhagen	1.43
Finland, Helsinki	1.19
France, Paris	1.45
Iceland, Reykjavik	1.44
India, Delhi	2.00
Ireland, Dublin	1.39
Italy, Genoa	1.62
Japan, Tokyo	1.55
Liberia, Monrovia	.79
Mexico, Mexico City	.63
Nicaragua, Managua	.74
Philippines	.55
Singapore	1.01
South Korea, Seoul	1.62
South Vietnam, Saigon	1.27
Spain, Valencia	.97
Sweden, Stockholm	1.17
Taiwan, Taipei	1.40
U.S.S.R., Moscow	.47
Uruguay, Montevideo	1.60
U.S., New York	.50
U.S., Tulsa	.49
U.S., Los Angeles	.50
West Germany, Hamburg	1.28

ELECTION OF MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 316) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 316

Resolution designating membership on certain standing committees of the House

Resolved, That David W. Evans, of Indiana, be, and he is hereby, elected a member of the Committee on Banking, Currency and Housing; and

That Andrew Maguire, of New Jersey, be, and he is hereby, elected a member of the Committee on Interstate and Foreign Commerce.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE RIGHT OF EVERYONE TO CELEBRATE ST. PATRICK'S DAY

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute to revise and extend her remarks and include extraneous matter.)

Mrs. SCHROEDER. Mr. Speaker, as you know, the majority leader and I are both of Irish descent.

It is with great sorrow I rise to deliver this message and request for behavior modification by the majority leader from his Irish foremothers brought to me by the leprechauns last night.

His Irish foremothers are most dismayed that the majority leader treated women Members of Congress as hyphenated Members and excluded them from his stag St. Pat's party. They asked me to remind him:

If it wasn't for St. Pat's mother,
His father wouldn't have been his father.
So let everyone celebrate St. Pat's day.

Or we will have to have a counter majority leader party.

PERSONAL EXPLANATION

(Mrs. MEYNER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MEYNER. Mr. Speaker, I wish to insert in the RECORD at this point a statement regarding two recorded votes I missed on March 12, 1975, and an indication of how I would have voted if I could have been present.

I refer first to rollcall No. 46, a motion by the gentleman from Illinois to recommit H.R. 4481, the Emergency Employment Appropriations Act of 1975. The motion was defeated by a vote of 315 to 109. Had I been present, I would have voted against the motion. I refer second to rollcall No. 47, a vote on H.R. 4481, the Emergency Employment Appropriations Act of 1975. The bill was passed by a vote of 313 to 113. Had I been present, I would have voted in favor of this bill.

INTERNAL REVENUE SERVICE SPYING

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

Mr. VANIK. Mr. Speaker, in the last few days, the Miami newspapers have reported on an incredible Internal Revenue Service spying operation directed against a wide range of prominent Miami residents, including a large number of elected officials and judges. The spying may have been directed not at tax matters, but at alleged drinking and sex habits. Reports of the Miami operation raise the most serious constitutional questions.

I do not know the accuracy of these reports. But, Mr. Speaker, the Congress must determine what is the truth in this case—what happened in Miami, and what is happening in the other IRS district offices.

A number of congressional committees have expressed an interest in the Miami situation. The Oversight Subcommittee of Ways and Means, of which I serve as chairman, is very deeply concerned.

The story is still unfolding in this case. I fear it may have national implications. IRS Commissioner Alexander has pledged to get to the bottom of the issue. The oversight subcommittee will do all in its power to insure that there is a complete and thorough investigation not only of the Miami situation but of the IRS's national use of informants and spies.

PROVIDING FUNDS FOR THE EXPENSES OF THE COMMITTEE ON WAYS AND MEANS

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 275 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 275

Resolved, That (a) effective from January 3, 1975, the expenses of the investigations and studies to be conducted by the Committee on Ways and Means, acting as a whole or by subcommittee, not to exceed $1,500,000, including expenditures for the employment

of investigators, attorneys, individual consultants or organizations thereof, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

(b) Not to exceed $50,000 of the amount provided by subsection (a) may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)), except that such monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on Ways and Means shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

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

There was no objection.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I wonder if the gentleman from New Jersey would give us some explanation for the astronomical amount of money contained in this resolution for the Committee on Ways and Means. I am concerned about what appears to be a tripling of the funding from past sessions.

Mr. THOMPSON. If the gentleman will yield, when I get unanimous consent, I am prepared fully to explain the increase in this, and the resolution.

Mr. BAUMAN. I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey for immediate consideration of the resolution?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 275 from the Committee on Ways and Means asks for an appropriation of $1,500,000. In the last session there was authorized for the committee $395,000, and there was available because of the carryover from the first session of the last Congress $450,210.03. There are a number of reasons for this rather dramatic increase. Among others, although there was authorized in the last session $450,000, there was not reflected in that the number of professional employees and clerical employees on the committee.

In this Congress the committee size has been increased from 25 to 37 members. There is, of course, reflected in this amount the cost-of-living pay increases and the additional staff personnel. There are 31 staff persons and clerical persons, for a total of 35 additional employees on the committee.

As was explained by the gentleman from Oregon (Mr. ULLMAN), chairman of the committee, and the gentleman from Pennsylvania (Mr. SCHNEEBELI), the ranking member, who were in agreement on this resolution, much more stringent oversight is planned and considered necessary in view of the $113 billion proposed by the administration to be spent in the areas over which the Committee on Ways and Means has jurisdiction.

There were no jurisdictional changes but for the first time the committee is required to have subcommittees. It has constituted six subcommittees. The majority and minority are all funded.

Further there are prospects of an extensive schedule of public hearings which with the increased membership and staff and of course the inflationary increases which we are all unhappy about as far as the cost of goods and services and subscriptions, all will contribute to increased costs. There is also provided reasonable amounts of money for the travel expenses of the numerous professional witnesses called upon.

In the Committee on House Administration the distinguished gentleman from Ohio (Mr. DEVINE) offered an amendment, which carried, which cut this amount by $200,000.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. THOMPSON. I yield for debate only.

Mr. BAUMAN. I have just seen this report for the first time, but do I understand that the staff of the Ways and Means Committee is being expanded from 30 to 66 staff members at one stroke?

Mr. THOMPSON. Yes, I think that is correct, with the additional statutory professional staff and with the staffing of the 6 subcommittees.

Mr. BAUMAN. And the Subcommittee on Accounts is convinced of the necessity for this type of enormous expansion?

Mr. THOMPSON. Yes. And the gentleman from New Jersey might respond that on interrogating the chairman (Mr. ULLMAN) and the ranking minority member (Mr. SCHNEEBELI) we found they feel very strongly that in order to get their work done they must have this money and they must have this staff.

I might say to the gentleman that in this Congress because of the statutory increases and because of the requirement for the minority staffing we are undergoing a new experience in the Subcommittee on Accounts, in the Committee on House Administration on which I have served for 20 years. We intend, as the gentleman knows, each year when the committees must come to the Committee on House Administration and to the House for further funding, to take each and every one of them and very carefully interrogate them on the basis of their first year experience under the new rules.

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

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

Mr. DEVINE. I thank the gentleman for yielding.

Just for further clarification, this is one of the many funding resolutions that has come to the House Subcommittee on Accounts and approved by the full Committee on House Administration. I think this is the first one on which we have been successful in reducing the amount by any substantial figure. Both the gentleman from Pennsylvania (Mr. SCHNEEBELI) and the gentleman from Oregon (Chairman ULLMAN) were questioned about the further expansion of jurisdiction and they both said they have not expanded any but they have a great responsibility with social security, the tax cut legislation and tax reform legislation, national health insurance, all of which will take a great deal of time with witnesses and increased expenses. This is coupled with the fact that the subcommittee structure, which is new to the Ways and Means Committee, will of course require expanded staff for the minority and the majority.

Finally, in keeping with what the gentleman from New Jersey pointed out, we do have an oversight responsibility inasmuch as this is funding from year to year and not session to session, so that when the committee comes in with a funding request for next year we will be able to see what their experience has been. If they follow the normal pattern they will have considerable funds left over and we will take that into consideration in funding them for the next year, for the balance of the 94th Congress.

So I think on the basis of the testimony before the subcommittee and the amendment adopted reducing the amount by $200,000, the resolution should be adopted.

Mr. THOMPSON. Mr. Speaker, I thank the gentleman from Ohio.

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

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR SUBCOMMITTEE ON ARMED SERVICES TO SIT DURING 5-MINUTE RULE TODAY

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Research and Development Subcommittee of the Committee on Armed Services be permitted to proceed this afternoon with the hearings on H.R. 3689, the fiscal year 1976 Department of Defense appropriation authorization request, during the 5-minute rule.

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

There was no objection.

CALL OF THE HOUSE

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

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. 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. 57]

Alexander	Drinan	Pike
AuCoin	Duncan, Oreg.	Railsback
Badillo	Esch	Roncalio
Boggs	Fraser	Rostenkowski
Breaux	Gibbons	Ruppe
Brodhead	Harsha	Scheuer
Brown, Ohio	Hastings	Schneebeli
Buchanan	Hébert	Skubitz
Burke, Calif.	Hefner	Talcott
Chisholm	Jarman	Udall
Clay	Karth	Ullman
Collins, Ill.	Kastenmeier	Waxman
Conable	Long, La.	Wiggins
Conyers	Michel	Wilson,
Danielson	Mills	Charles H.,
Dellums	Moffett	Calif.
Diggs	Morgan	Wilson,
Dingell	Pattison, N.Y.	Charles, Tex.

The SPEAKER. On this rollcall 381 Members have recorded their presence by electronic device, a quorum.

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

PERSONAL EXPLANATION

Mrs. KEYS. Mr. Speaker, on Friday, March 14, 1975, during the consideration of H.R. 25, the Surface Mining Control and Reclamation Act of 1975, I was recorded as not voting on the Ottinger amendment which sought to transfer the responsibility of administering the bill from the Department of the Interior to the Environmental Protection Agency in consultation with the Department of the Interior. I was necessarily absent from the Chamber at the time this vote was taken and had I been present, I would have voted for the amendment.

NATIONAL INSURANCE DEVELOPMENT ACT OF 1975

Mr. REUSS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2783) to continue the national insurance development program by extending the present termination date of the program to April 30, 1980, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1983, as amended.

The Clerk read as follows:

H.R. 2783

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Insurance Development Act of 1975".

SECTION 1. (a) The Congress finds that (1) under the Housing and Urban Development Act of 1968 (Public Law 90-448, approved August 1, 1968), as amended, the powers of the Secretary of the Department of Housing and Urban Development to enter into new reinsurance contracts with respect to the Federal riot reinsurance program and into new direct insurance contracts with respect to the Federal crime insurance program will terminate on April 30, 1975, except to the extent necessary (a) to continue policies of direct insurance and reinsurance, until April 30, 1978, (b) to handle claims and those arising under the policies still in force on the termination date of the program, and (c) to complete the liquidation and termination of the reinsurance and direct insurance programs; (2) continuation of the Federal riot reinsurance program is essential both to the operation of the system of State FAIR plans, which provide access for many people to basic property insurance not otherwise available in urban areas, and to the continued existence of such FAIR plans inasmuch as many State laws condition the very existence of such FAIR plans upon the continued existence of the Federal riot reinsurance program; (3) continuation of the Federal crime insurance program, which provides access for many homeowners, tenants, and small businessmen to burglary, robbery, and similar coverages, in States where an insurance coverage availability problem exists, is likewise essential; (4) withdrawal at this time of the Federal support which these programs give to the insurance buying public and the insurers would be particularly ill timed and inadvisable in view of the (a) threatening major shortage of voluntary insurance facilities to which the consumer can turn to fulfill his insurance purchase needs and (b) the potential for insurer insolvencies inherent in times of economic stress; and (5) the impending tightening of the availability of insurance coverage in the insurance market will only intensify due to the present economic conditions confronting insurers, which affect the capital adequacies of insurers due to severe declines in the values of insurers' securities portfolios, thus impacting on their ability to increase their underwritings in a growing insurance market.

(b) The purpose of this Act, therefore, is to extend the duration of the national insurance development program so as to maintain the Federal riot reinsurance program which reinsures the general property insurance business against the catastrophic peril of riot and, thus, makes this insurance available, together with its review and compliance function which assures that the intent of the Housing and Urban Development Act of 1968 (Public Law 90-448, approved August 1, 1968) as amended is carried out, as well as the Federal crime insurance program which provides basic crime insurance coverages in the States where it is needed, both of which programs aid the insurance purchasing consumer when, from time to time and especially in times such as these, insurers engage in conscious policies of market constriction which lead to serious inner-city insurance availability problems of the kind the national insurance development program has been created to ameliorate.

SEC. 2. Section 1201 of the National Housing Act, as amended, is amended by—

(a) striking out, at subsection (b)(1), the date "April 30, 1975" and inserting in lieu thereof the date "April 30, 1979",

(b) striking out, at subsection (b)(1)(A), the date "April 30, 1978" and inserting in lieu thereof the date "April 30, 1982", and

(c) striking out, at subsection (b)(2), the date "April 30, 1978" and inserting in lieu thereof the date "April 30, 1982".

The SPEAKER. Is a second demanded?

Mr. BROWN of Michigan. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

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

Mr. Speaker, the legislation before the House today, H.R. 2783, must be enacted with extreme speed if thousands of insurance policies for fire, extended coverage, robbery and burglary losses are to be continued. These are insurance policies in force under the so-called FAIR plan—fair access to insurance requirements—and the Federal crime insurance program.

The FAIR plans operate in 28 States including the District of Columbia and Puerto Rico. These States are: California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Virginia, Washington, and Wisconsin.

Under the so-called FAIR plan system, the Federal Government agrees to reinsure insurance companies for riot inflicted losses provided the insurance companies write fire insurance and extend coverage to homeowners and businesses who are unable to obtain coverage through normal commercial channels.

Federal crime insurance, which is administered through the Department of Housing and Urban Development, was brought into being because businesses and homeowners in a number of areas found it impossible to purchase robbery and burglary insurance from private insurance companies. Many businesses, particularly, small businesses, were forced to close because they could not operate without insurance and homeowners who could not obtain the policies began deserting the cities to live in areas where they could obtain proper insurance coverage.

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

At present there are some 800,000 policies in force in the FAIR plan program for coverage of $16.2 billion. Under the crime insurance there are some 20,000 policies in force with total coverage of roughly $130 million.

These programs will expire on April 30 and unless we act quickly to extend the programs thousands of homeowners and small businessmen will be without this much needed insurance.

Mr. Speaker, I urge the adoption of H.R. 2783.

Mr. Speaker, I yield to the gentleman from Illinois (Mr. ANNUNZIO), the orig-

inal sponsor of these two insurance programs and the sponsor of H.R. 2783. The gentleman from Illinois (Mr. ANNUNZIO) is to be commended for his foresight in establishing these programs.

Mr. ANNUNZIO. Mr. Speaker, I first want to express my deep appreciation to the chairman of the Banking Committee, the gentleman from Wisconsin (Mr. REUSS), for the rapid manner in which he handled this legislation and brought it to the floor for consideration.

As the chairman pointed out, it is extremely important that we act quickly on this legislation.

While April 30 indeed marks the expiration of the program, we are in reality dealing with an even more critical cutoff date. In 12 States in which the FAIR plan operates, the insurance companies have stated that on April 1 they will send out cancellation notices to all of their policyholders. This is being done because of a requirement in those States that all cancellation statements be made 30 days before the cancellation is to go into effect. You can well imagine the problems that will occur in the first week of April when thousands of homeowners receive cancellation notices.

Unless we act today we could send thousands of homeowners back to the insurance quandary that they faced before the FAIR plans went into effect.

Mr. Speaker, I would like to point out that under the original terms of my bill, H.R. 2783, the FAIR plan insurance and the crime insurance would be extended for 5 years, with an additional 3-year period for a runoff feature—to allow for the orderly liquidation of the reinsurance policies. No new business could be written during the 3-year period however.

The administration, while fully supporting the concept of my legislation, felt that a 4-year extension would be more appropriate. While I still favor the 5-year approach, I feel that in order to get prompt action and, thus, avoid any cancellation notices that a compromise of 4 years would indeed be acceptable. I offered such an amendment when the legislation was before the Banking Committee. Thus, my legislation has administration support and a unanimous vote of the Banking, Currency and Housing Committee.

Mr. Speaker, the FAIR plan legislation which I originally sponsored was brought about because of the reluctance on the part of the insurance industry to write fire insurance in the inner cities of our country. This reluctance was heightened by a number of large city riots in the late 1960's. For the most part it is my feeling that the insurance industry used the riots merely as an excuse to deny insurance coverage to millions of homeowners. These companies engaged in the practice of redlining in which they would merely draw a red circle round an area on a map and refuse to write policies for homeowners who lived within the designated territory. Under the FAIR plan legislation, insurance companies could not redline and, in fact could only deny insurance coverage where it could be shown that the individual applying for the insurance was a totally unacceptable risk. These decisions had to be reached on a case-by-case basis rather than by a broad brush treatment.

Federal crime insurance, which is administered through the Department of Housing and Urban Development, was brought into being because businesses and homeowners in a number of areas found it impossible to purchase robbery and burglary insurance from private insurance companies. Redlining was also used by insurance companies to eliminate areas in which crime insurance would be written. Many businesses, particularly small businesses, were forced to close because they could not operate without insurance and homeowners who could not obtain the policies began deserting the cities to live in areas where they could obtain proper insurance coverage. The FAIR plans operate in 28 States including the District of Columbia and Puerto Rico. They are: California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Virginia, Washington, and Wisconsin.

At the present time some 800,000 policies are in force in the FAIR plan programs for a total coverage of $16.2 billion.

Crime insurance is now available in 13 States and the District of Columbia. These States are: Connecticut, Delaware, Illinois, Kentucky, Florida, Massachusetts, New Jersey, New York, Ohio, Missouri, Pennsylvania, Rhode Island, and Tennessee. Under the crime insurance program the Governor of a State must certify that such insurance is not available at reasonable rates from private carriers before the Federal policies can be issued. To date some 20,000 policies have been sold for a total insurance coverage of roughly $130 million.

I would urge my colleagues to press for inclusion of their State in both the FAIR plan and the crime insurance programs. In order for States to be eligible to join these programs, the Governor of the State must certify that there is no insurance available at low costs for crime, fire or extended coverage. In some States it may also require the individual legislature to enact enabling legislation. It is my feeling that any resident of any State should be eligible for this program and I would like to see every State review its insurance programs which are available from the private sector to determine whether or not they are meeting the needs of all consumers, and if not, to allow the Government programs to operate in their States.

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

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

This is the type of program that has proved its merit and should be extended for an additional 4 years.

Mr. BROWN of Michigan. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of this legislation, and urge its adoption. I will not belabor my colleagues by a further recitation of the merits of the legislation. When both plans were originally passed there was some question raised concerning the true viability and benefit of the programs but I think the experiences we have gained from the plans have proven their merit, and certainly justify the extension that is sought by the existing legislation.

Mr. REUSS. Mr. Speaker, I have one additional request for time. I yield such time as he may consume to the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Speaker, I rise in support of H.R. 2783, a bill to extend the urban riot reinsurance program and the Federal crime insurance program for an additional 4 years from April 30, 1975, to April 30, 1979. Under existing law, the authority of the Secretary of HUD to provide new riot reinsurance and crime insurance coverages will terminate on April 30, 1975. It is important that the Congress act promptly to provide continuation of these two important federally assisted insurance programs. The gentleman from Illinois (Mr. ANNUNZIO), the sponsor of H.R. 2783 and the chief architect of these two valuable insurance programs, is to be commended for his action and his persistence in seeing that these two insurance programs are extended.

The urban riot reinsurance program was established in the Housing and Urban Development Act of 1968, Public Law 90-448. Under the so-called FAIR—fair access to insurance requirements—plan system the Federal Government agrees to reinsure insurance companies for riot-inflicted losses provided the insurance companies write fire insurance and extend coverage to homeowners and businesses who are unable to obtain coverage through normal commercial channels. This program operates in 26 states and the District of Columbia and Puerto Rico. They are: California, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, and Wisconsin.

At the present time, some 800,000 policies are in force in the FAIR plan programs for a total coverage of $16.2 billion.

The urban riot reinsurance program was established because of the reluctance on the part of the insurance industry to write fire insurance in the inner cities of our country. In many of our large cities, particularly my own city of Philadelphia, the insurance companies just stopped writing homeownership coverage. In some cases, this was due to the unsettled conditions in the inner cities in the late 1960's because of the civil disturbances.

The insurance industry also used this situation to attempt to rid itself of the responsibility of insuring properties in older, declining urban areas of this Nation. This program was therefore established to keep this important insurance coverage available in our urban areas.

In view of the demonstrated continuing need for FAIR plans, continuation of the riot reinsurance program would appear essential. Enabling statutes in 12 States—Connecticut, Iowa, Ohio, Washington, Georgia, Illinois, Kentucky, Maryland, New Mexico, North Carolina, Pennsylvania, and Rhode Island—actually condition the existence of a FAIR plan in those States on the availability of Federal riot reinsurance, and the future of the FAIR plans, and the invaluable insurance protection they offer, could be in doubt in many other States if riot reinsurance were no longer available.

Failure to extend the urban riot reinsurance program could well bring about a return to the situation of the middle 1960's when such insurance coverage was terminated in many of our urban areas.

H.R. 2783 would also extend the Federal crime insurance program authorized by the Housing and Urban Development Act of 1970. This insurance program authorizes the Secretary of HUD to provide crime insurance coverage in States having critical problems of crime insurance availability or affordability.

Since August 1971, the crime insurance program has enabled homeowners, tenants, and businessmen in 14 States—Connecticut, Delaware, Illinois, Kentucky, Florida, Massachusetts, New Jersey, New York, Ohio, Maryland, Missouri, Pennsylvania, Rhode Island, and Tennessee and the District of Columbia—to purchase burglary and robbery policies at affordable rates without fear of cancellation because of losses while encouraging insureds, through its protective device requirements, to make their premises less vulnerable to burglaries.

While the number of persons and businesses covered under the program is small in relation to the number of insureds under the FAIR plans, the over 20,000 Federal crime insureds include many who have previously experienced the greatest difficulty in obtaining or maintaining crime coverage, and as the program has become better known the number of insureds has continued to grow. For many of these insureds, especially small businessmen, the program can mean the difference between solvency and insolvency in the face of crime losses, as well as the difference between staying in an urban location or abandoning it.

Mr. Speaker, I urge the prompt adoption of this bill.

The SPEAKER. The question is on the motion offered by the gentleman from Wisconsin, (Mr. REUSS) that the House suspend the rules and pass the bill H.R. 2783, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in connection with the legislation just passed.

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

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

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

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

There was no objection.

COLLEGE WORK: STUDY ALLOCATION

Mr. O'HARA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4221) to amend the Higher Education Act of 1965, as amended, relative to the reallocation of work-study funds, and for other purposes.

The Clerk read as follows:

H.R. 4221

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 446 of the Higher Education Act of 1965 is amended by inserting "(a)" after "SEC. 446." and by adding the following new subsection at the end thereof:

"(b) Sums granted to an eligible institution under this part for any fiscal year which are not needed by that institution to operate work-study programs during the period for which such funds are available shall remain available to the Commissioner for making grants under section 443 to other institutions in the same State until the close of the fiscal year next succeeding the fiscal year for which those funds were appropriated.".

The SPEAKER. Is a second demanded?

Mr. ESHLEMAN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Michigan (Mr. O'HARA) will be recognized for 20 minutes, and the gentleman from Pennsylvania (Mr. ESHLEMAN) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Michigan (Mr. O'HARA).

Mr. O'HARA. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I move to suspend the rules and pass the bill H.R. 4221 to amend the Higher Education Act of 1965, as amended, relative to the reallocation of work-study funds.

H.R. 4221 was unanimously ordered reported by the Committee on Education and Labor on that committee's meeting on March 12. The bill is sponsored by the chairmen and ranking minority members of the subcommittee and the full committee, and by most of the subcommittee members on both sides of the aisle. It is part of a two-piece legislative package requested last month by the administration. The other piece of the package was embodied in the Emergency Employment Appropriations Act which passed the House last week.

Basically, the problem which H.R. 4221 and the companion section of H.R. 4431 seek to correct is an ambiguity in the existing law regarding the Office of Education's authority to reallocate work-study money from one college within a given State to another college within that same State, when those funds are not needed at the school to which they were first allocated. The Congress clearly intended to permit the Office of Education to reallocate such funds, and the law unmistakably permits their reallotment from one State to another.

There are about $7 million in college work-study funds, long since appropriated, allotted among States and allocated among institutions in accordance with the law and the regulations, which cannot be used by the institutions to which they were allotted, but which can be used by other institutions in the same State. Everyone involved agrees that the reallocation should go forward, and that the money should be used to put students to work earning part of the escalating costs of their education. But the Office of Education, finding a technical flaw in the statute, has refrained from its all-too-familiar practice of doing what it believes the Congress ought to have done, and has, absolutely correctly, asked the Congress to remedy its own alleged mistakes. I applaud the Office of Education for this, and I hope that agency will continue to ask the Congress to remedy what it feels are mistakes in the law, rather than trying to do so by regulation or guidelines.

H.R. 4221 embodies the text of the first half of the Office of Education's request for a clarification in the statute. It addresses itself to the basic problem in the authorizing act. The second part of OE's request, acted upon last week by the Committee on Appropriations and the House, lets the funds in question remain available so that the Office of Education can use its clarified authority and reallocate the surplus dollars to the institutions whose students need them.

The college work-study program, with which this bill is concerned, is certainly the most popular and probably the most effective of student financial aid programs. In the best American tradition, it seeks to provide students, not with a grant and not with the burden of a loan, but with an opportunity to work to pay the costs of their education.

Under this program, students may be given through the schools, part-time jobs, on or off campus, with public or private nonprofit agencies. The work-study funds appropriated by the Congress pay 80 percent of the cost of such jobs, and the college or the other employer pays the remaining 20 percent. The student works for every cent of it, important and productive work gets done, and young minds earn an opportunity to be educated.

As chairman of the Subcommittee on Postsecondary Education, Mr. Speaker, I have become deeply impressed with the work-study program, and in another bill, on which the subcommittee is now having hearings, H.R. 3471, I propose to continue and simplify it when the existing law expires next year.

In fact, Mr. Speaker, events have already outdistanced my own bill. When I drafted that bill for introduction last month, I believed that the best we could do with work-study was gradually to increase its authorization and try to assure full funding in fiscal year 1977 and thereafter. But this House, in passing the Employment Appropriations Act last week, gave its approval to full funding of this program right now, for the summer just ahead of us, and the year that follows. And the testimony before my subcommittee indicates that there is a greater need for, and capacity to handle, work-study funds in fiscal year 1977 and thereafter than I anticipated when I drafted H.R. 3471. I expect on the basis of that testimony, to offer and to have accepted, amendments to my own bill, increasing the work-study levels I proposed last month, and I hope that this program will, now that it has reached full funding, be continued at the full-funding level.

But H.R. 4221 does not involve these long-range consideration. It makes, as I said, a technical change in present law, affecting neither appropriations nor program levels. It deserves the support of the House, and rapid action by the other body.

Mr. ESHLEMAN. Mr. Speaker, I rise very briefly to indicate my support for this legislation. As the report indicates, this legislation was requested by the administration and simply makes permanent what in the past has been accomplished through annual appropriations measures.

This law will allow the process of reallocation of college work-study moneys within State borders a practice which the colleges are used to and support.

Finally, it should be clear that this bill does not add any additional cost to the program and, in fact, is needed at this time to clarify the Office of Education's authority to reallocate money that has already been appropriated. The total involved approximates $5 to $7 million.

I see no reason for lengthy discussion and urge support for the bill.

Mr. PERKINS. Mr. Speaker, the gentleman from Michigan (Mr. O'HARA), the distinguished chairman of the Subcommittee on Postsecondary Education and the principal sponsor of H.R. 4221, has summed up everything there is to be said about this bill. It is a simple technical change in the law, authorizing no new program, neither requiring nor authorizing any new appropriation. Something like $7 million, already appropriated by the Congress for the college work-study program, is stuck in the pipeline because the Office of Education does not believe it has the authority to transfer money from one school to another, even when the original school does not need the funds and the other does. There is no doubt whatever that funds allotted to a State under this program and in excess of what that State needs can be reallotted to another State. And there is no doubt in my mind that we also intended at the same time to permit reallocation from one school to another.

If the law is unclear, it should be clarified. The administration, student aid officers, the schools and the students are all in agreement that this clarification will help us carry out one of the most popular and most effective of our student financial aid programs. As far as I know, no one opposes the change, and I hope it can be approved here today and receive speedy action in the other body.

Mr. BADILLO. Mr. Speaker, I rise in support of H.R. 4221. This bill corrects a technical problem in the allocation of funds for the college work-study program. As reported by the Education and Labor Committee, this legislation will permit funds which cannot be used by certain institutions to be reallocated to other institutions within the same State. In this way, those institutions which have a demonstrated need for additional funds under college work-study will be able to obtain the necessary assistance to help students finance their education through part-time employment.

H.R. 4221, in light of the action taken by the House last week in passing the Emergency Employment Appropriations Act which increased appropriations for the college work-study program, will give lower income students a better chance at jobs they need in order to get the benefits of a college education.

It is my hope that the Commissioner of Education will use the expanded appropriations for this program and the new authority granted by this bill to redirect approximately $5 to $7 million in unused funds to those institutions with the highest proportions of low-income students. At the same time, more attention must be focused on efforts to assure that those students in greatest need of assistance under the work-study program be given the opportunity to receive such jobs.

The college student today faces an ever more difficult economic situation. Tuition is on the rise due to inflation. Conversely, the student who seeks a job in order to offset the rising costs of his or her education will find that the recession has drastically reduced the number of part-time jobs available in the private sector. H.R. 4221 and the Emergency Employment Appropriations Act will greatly ease this situation. Therefore, I support H.R. 4221 and hope that the college work-study program is indeed serving those students who need its aid most.

GENERAL LEAVE

Mr. O'HARA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation under consideration.

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

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan (Mr. O'HARA) that the House suspend the rules and pass the bill (H.R. 4221).

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

DESIGNATING MARCH 21, 1975 AS "EARTH DAY"

Mrs. SCHROEDER. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 258) to designate March 21, 1975, as "Earth Day."

The Clerk read as follows:

H.J. RES. 258

Whereas environmental issues rank very high on the scale of general public concern, and are of importance to a broad spectrum of Americans of all ages, interests, and political persuasions;

Whereas there is a need and desire for continuing environmental education, and for a continuing nationwide review and assessment of environmental progress and of further steps to be taken;

Whereas Earth Day would promote a greater understanding of the serious environmental problems facing our Nation, and encourage a persistent search for solutions;

Whereas Earth Day would serve as the focus of special environmental education projects of hundreds of thousands of grade school, high school, and college students; and

Whereas Earth Day would provide a base for a continuing commitment by all interests, including education, agriculture, business, labor, government, civic and private organizations, and individuals, in a cooperative effort to improve and protect the quality of our environment: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That March 21, 1975, is hereby designated as "Earth Day", a time to draw attention to the need to continue the nationwide effort of education concerning environmental problems, to review and assess environmental progress and to determine the further steps that need to be taken, and to renew the commitment and dedication of each American to improve and protect the quality of the environment. The President is authorized and requested to issue a proclamation calling for the observance of such day with appropriate ceremonies and activities.

The SPEAKER. Is a second demanded?

Mr. SYMMS. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mrs. SCHROEDER. Mr. Speaker, "Earth Day 1975," while only a single day, will serve to draw the attention of Americans to the many challenges that confront our planet Earth every day of the year.

On the occasion of the first "Earth Day" celebration in 1971, a proclamation signed by many people from the political, social, and scientific worlds, contained these thoughts that I believe are particularly meaningful to our deliberations today:

Through voluntary action, individuals can join with one another in building the Earth in harmony with nature . . . Earth Day can provide a special time to draw people together in appreciation of their mutual home, Planet Earth, and bring a global feeling of community through realization of mutual dependence on each other.

Theodore Roosevelt, in his address to the Governors' Conference on Natural Resources in 1908, said:

The conservation of our natural resources is a fundamental problem. Unless we solve that problem it will avail us little to solve all others. To solve it, the whole nation must undertake the task.

Mr. Speaker, to alert the Nation to the task that lies ahead of each and everyone of us, I propose that the first day of spring of this year be designated as "Earth Day."

This year, as in past observances of "Earth Day," the United Nations' peace bell will toll at the exact moment of the vernal equinox on March 21. It should serve as a small reminder—if not a warning—that the fate of this planet is left in our individual hands. To survive, it is essential that we balance our technological advancement with a genuine concern for the environment. Therefore, in adopting this resolution we are encouraging our fellow countrymen to develop a new respect for the Earth as well as a renewed commitment and determination to preserve, protect and improve the quality of this planet—our home.

Mr. Speaker, at this time I yield to the gentleman from Florida (Mr. LEHMAN) such time as he may consume.

Mr. LEHMAN. Mr. Speaker, 75 years ago Brittanica ruled the waves and the sun never set on the British Empire.

At that time Britain was preparing to celebrate the 50th anniversary of Queen Victoria and they had a great preoccupation with the pomp and glory of their empire and had such great self-esteem and so much self-assuredness as a result of the extension of their power and their great empire that they forgot about some of the more important circumstances that made them great.

At this time there was a poet named Rudyard Kipling who wrote a poem that cost him the poet laureateship of England. In bringing to the attention of the British Empire some other values besides their power and their glory, he wrote a poem containing the refrain:

Lord God of Hosts, be with us yet
Lest we forget—lest we forget!

And now in this country we also are preoccupied with a great many problems, not necessarily glory, but certainly we are preoccupied with our energy problems and our problems with our economy and our military and foreign affairs. In this context we too may overlook more important circumstances and some of the more enduring situations.

In this light, Mr. Speaker, I commend to my colleagues in the House today and ask their favorable consideration and passage of House Joint Resolution 258. This resolution would designate March 21 of this year as "Earth Day." I am joined by 17 of my colleagues in the Post Office and Civil Service Committee in bringing this resolution to the floor, and at this time I ask unanimous consent to include also in the list with the 17, Congressmen WHITE, HARRIS, and KASTEN.

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

There was no objection.

Mr. LEHMAN. It has been said that Earth Day should be every day. Yet in these times of energy shortfalls, the unrelenting inflationary spiral, constant recessionary pressures and high unemployment, we understandably have become preoccupied with the immediate critical economic issues. Nevertheless it is important that during these times we set aside a special commemorative "Earth Day" to remind all Americans of the never ending necessity to preserve, protect, and improve the quality of the Earth's environment. Whereas economic recovery, historically, has always resumed even after the worst depressions, will our already endangered species not forever disappear? We continue to despoil our forests, let our streams become contaminated and our atmosphere and oceans become imperiled in the name of progress and technological advancement. The consequence of such action is that we may soon pass the point of no return and find ourselves on a dying planet—beyond hope of any reversal or recovery.

Earth Day, hopefully, will serve as a time that we can pause and recommit ourselves and our energies to resolving these problems.

At the precise moment of the vernal equinox this Friday morning, day and night will be of equal length. We, too, should aim to achieve this balance with our environment.

The noted anthropologist, Margaret Mead, said of the first Earth Day several years ago when it was observed on the first day of spring:

Earth Day celebrates the interdependence within the natural world of all living things, humanity's utter dependence on earth—man's only home—and in turn the vulnerability of this earth of ours to the ravages of irresponsible technological exploitation.

Likewise, I have received a letter from the Earth Society, the originators of the first Earth Day in support for this resolution. I would like to share it with my colleagues.

The letter is as follows:

DEAR CONGRESSMAN LEHMAN: I am delighted with your efforts to have Congress declare March 21, 1975 to be observed as Earth Day.

With all the grave problems we face: inflation, energy and material shortages, violence, crime and confusion, the key to a solution is to make the care and stewardship of Earth our first priority. Understood and strongly supported Earth Day could do much to achieve a global change of heart.

I do hope that Congress and the President will both proclaim Earth Day and on that day spend their whole time in quiety prayer, discussion and reflection on how we can together work for the restoration of our land, water, and air; how we can rejuvenate our portion of planet Earth, and as Earth caretakers protect its precious cargo of life.

With regards and best wishes,

JOHN MCCONNELL,
President of Earth Society.

A special Earth Day will serve as a focal point for persons of all ages to participate in activities which promote a greater awareness of the environment that surrounds us, and the challenges it faces. Above all else, Earth Day would serve an educational function. This resolution is not so much a call for action, but reflection. It does not subscribe nor propose any miraculous solutions, only questions. It is a small attempt to encourage all Americans to rededicate their efforts to preserve, protect, and improve the quality of our environment.

In conclusion, let me say that in adopting this resolution we are saying that the cause of the Earth deserves special and devoted attention by the people of this country and the world. It is a day. I hope, that will grow in importance and meaning in the succeeding years and I trust that March 21 will come to be known always as the "Earth's Day."

Let me reiterate the beautiful words of the poem, "Recessional:"

Lord God of Hosts, be with us yet,
Lest we forget—lest we forget.

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

Mr. LEHMAN. Mr. Speaker, I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Speaker, I would like to ask the gentleman a question. I appreciate the gentleman yielding and I am sure the gentleman is sincere, and with high motives.

How much is it costing to run this innocuous piece of legislation through the House of Representatives?

Mr. LEHMAN. It is the best bargain we have had in a long time. It costs relatively nothing.

Mr. SYMMS. How does the gentleman conclude it costs nothing? It ties up the Printing Office and ties up all the time of these people in the House of Representatives. How much does it cost then?

Mr. LEHMAN. Only the cost of printing the bill itself and the stationery and supplies. Compared with some of the other programs we pass in terms of dollars, it will be very little.

Mr. SYMMS. I am happy to have the committee tied up with legislation like this, rather than tied up with unionizing Government employees; but I was wondering, does the gentleman plan to have a Heaven Day, as well as an Earth Day?

Mr. LEHMAN. According to parliamentary procedure, we can only ask for an Earth Day this year and we are only requesting it this year alone.

Mr. SYMMS. There is only an Earth Day, no heavenly aspirations?

Mr. LEHMAN. I did not understand that.

Mr. SYMMS. There will be no Heaven Day? We are just going to have an Earth Day?

Mr. LEHMAN. We will all have our Heaven Day soon enough.

Mr. SYMMS. I would not bet on it.

Mr. LEHMAN. The gentleman can speak for himself.

Mr. SYMMS. I thank the gentleman for his compliment.

Mr. LEHMAN. The thing that really concerns us is that we have this wonderful Earth. It is the only Earth we will ever have and if we do not do something to preserve it, it will get lost in the shambles of our other concerns.

I thank the gentlewoman from Colorado for yielding this time.

Mr. HECHLER of West Virginia. Mr. Speaker, I doubt whether any good can come from selecting March 21 as "Earth Day." If we really believe in protecting the Earth and its people, we ought to protect the Earth all 365 days of the year, and not just 1 day. Instead of designating "Earth Day," the Congress can do far more for the Earth by passing a strong strip mining bill, and enact other substantive legislation to protect the Earth.

For all these reasons, I think it will be most unfortunate to pass a resolution such as this. I shall continue to object to resolutions which celebrate days other than the established national holidays.

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

Mr. HECHLER of West Virginia. I yield to the gentleman from New York.

Mr. WYDLER. Mr. Speaker, the gentleman makes a very good point. The problem, of course, in what we are doing here is that it is self-perpetuating. As soon as other groups find out that we have declared a particular day of the year, or any other day, everybody wants a day of their own, and we find different groups catching on and we have requests to make one day or another of the year a matter of some group or other, of some particular day.

I think the gentleman's point is well taken. I think the House would be well advised to try to devise an overall policy on these types of matters so that the Members themselves, to some extent, could be protected from the endless requests we receive in this regard.

I would hope that some Member of the House would take this matter in hand and come up with some kind of outline of congressional policy, which I think every Member would learn to live with and accept.

Mr. HECHLER of West Virginia. Mr. Speaker, I appreciate the remarks of my good friend from New York. I would say that the quickest way to expedite the formulation of such a policy and have it adopted would be to vote down this resolution.

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

Mr. HECHLER of West Virginia. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Speaker, I commend the gentleman in the well for taking this time, and I wish to associate myself with his remarks.

Mr. HECHLER of West Virginia. I thank the gentleman from Idaho.

Mrs. SCHROEDER. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Speaker, I could not agree more with the gentleman from West Virginia, and I am very happy to announce today that we have introduced the "Ken Hechler Memorial Bill" which will do a lot of what the gentleman is talking about.

As chairman of the committee that has suddenly come upon this jurisdiction, we did a brief study of all commemorative bills and how many there have been. We found in the 92d Congress there were almost 500 commemorative bills; in the 93d Congress there were almost 600 commemorative bills. We already have over 100 bills that have been introduced in this Congress.

The paperwork, as the gentleman knows, is enormous, plus the staff, plus the printing, plus the computers and so forth and so on—need I say more?

As a consequence, we are introducing a piece of legislation today which I will be more than happy to call as a memorial to the gentleman from West Virginia to do away with these; to get a commission going.

It is rather similar to what used to happen with postage stamps. Congress also used to decide on the color and design of a postage stamp while the world was burning. So, the comments the gentleman is making are really, really very important. I could not agree with him more, and I hope to get large bipartisan support for getting this out of Congress.

Mr. HECHLER of West Virginia. I thank the gentlewoman from Colorado. I would simply like to add in conclusion that the way to get support, and meaningful support, for a cause is to ensure that it is done at the grass roots rather than having it dictated here at the Nation's Capital.

For that reason, I hope this will be the last rollcall we will have on a proposition such as this, because if we could defeat this one resolution on a rollcall, then I think the very excellent suggestion made by the gentlewoman from Colorado could be adopted. I do not like to risk the delay and expense of a 15-minute rollcall. But if a rollcall will prevent resolutions like this from coming before the House, we will thereby save money in the future.

Mrs. SCHROEDER. I only want to reiterate that I certainly appreciate the comments of the gentleman from West Virginia (Mr. HECHLER) and I agree with him. I certainly hope that we can get this legislation through because of the timing involved. I also hope the Members will look very seriously to the bill that was introduced today by myself and others which will take care of this problem we have had in Congress. It sets up some guidelines on what kinds of things should be considered before a commemorative day is proclaimed. Commemorative days may be given only for things of national significance and things that are not commercial. So we can stop having 435 Members discuss whether we should have "Clown Week," or "Pickle Day," or "Peanut Butter and Jelly Day." Congress should dispose of its jurisdiction over these matters. We have too many other vital issues to deal with. I could not agree with the gentleman from West Virginia more on this issue. But I think at this time we should pass the Earth Day bill because of its vital importance and move on to "set our House" in order by passing the bill I introduced today taking Congress out of the business of dispensing commemorative days, weeks, and months.

Mr. LEHMAN. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman.

Mr. LEHMAN. Mr. Speaker, I know this other bill will receive good attention in the House and the committee in the weeks and months ahead. But I would like to say here I hope the joint resolution passes today because time is of the essence. The first day of spring has been a traditional holiday since back in the time of before history, and I think it is important that we get this kind of thing taken care of.

Mr. SEIBERLING. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I certainly agree with the gentleman from West Virginia that we have had entirely too many trivial and frivolous resolutions declaring certain days for specific things, like Sweetest Day, and all that stuff. But this is a day that is not addressed to a special cause, a special interest, but in the cause of the Earth, which is the home of all humanity. I cannot conceive of a broader resolution, except I could say to the gentlemen on the Space Committee that I suppose we could have Space Day and Universe Day. But Earth Day is good enough for me, and I think the gentleman ought to reconsider and make a distinction where the subject is of this broad interest to everybody.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentlewoman from Colorado yield briefly?

Mrs. SCHROEDER. I yield to the gentleman.

Mr. HECHLER of West Virginia. Is it not true that far greater support for Earth Day would result if every commu-

nity and every locality would declare its own Earth Day instead of proposing it here in the Nation's Capital?

Mrs. SCHROEDER. I could not agree with the gentleman more. I think it is exactly what we should start doing. In this way we can at least make one last national declaration and also support a bill to change national commemorative procedures in the future. I think that is the positive way we should go. I also think we have been helping the PR people from any big firms justify their $40,000 a year income by trying to get the commemorative bills through. Congress has more important things to do.

Almost 500 commemorative bills were introduced in the 92d Congress; almost 600 in the 93d Congress and, now, in the first 2 months of the 94th Congress, well over 100 bills have already been introduced.

The paperwork produced by this output is enormous—over $100,000 just to print up these bills for the 92d and 93d Congress.

But it is more than just paper, and computer printouts, and bill status reports, and committee calendars, and legislative digests, and space in the CONGRESSIONAL RECORD, and tens of thousands of letters, and the thousands of phone calls that are devoted to these bills—there is also the diversion of a considerable amount of staff time, as well as the personal attention of Members of Congress used on these bills.

I agree with the gentleman from West Virginia that it is certainly time that we simply deal ourselves out of this game which is played primarily for the benefit of special interest groups which want to advertise their product or activity as having "official" congressional approval, or, at least, as having been worthy of legislation. My bill would do that.

Mr. GILMAN. Mr. Speaker, I rise in support of House Joint Resolution 258 which I have been privileged to cosponsor and which designates March 21, 1975, as "Earth Day."

It is hoped that this worthy legislation will focus attention on the need for serious environmental concerns as our world's population expands, as pollution increases and as more and more of our valuable natural resources become scarce.

Earth Day is an occasion encouraging special environmental educational projects for students of all ages. It serves as a format for public and private organizations to renew their awareness of our responsibility to protect the environment. Earth Day also provides an appropriate vehicle for unifying the many segments of our Nation who have worked so diligently for the preservation of the environment and who have pressed the search for solutions to environmental problems. It serves as a symbol of appreciation for their efforts. We can no longer indulge in the folly of wasting and destroying our precious resources.

Mr. MIKVA. Mr. Speaker, today the Congress has the opportunity to declare March 21—the first day of spring—as Earth Day. Through this resolution the Congress can establish a reminder to all of us that our planet is beautiful but fragile and our resources are plentiful but finite.

At a time when we are preoccupied with energy, inflation and unemployment, we need to remember that to improve the quality of life we need not pollute our rivers and streams, pour smoke into our air, and recklessly consume our natural resources. In fact, if we refuse to maintain a balance with nature, we can have no real progress at all.

We need Earth Day as a symbol of thanks to those who have pressed for continued attention to the environment, and as encouragement to all of us to make the preservation of our planet a chief priority. Earth Day is not a special interest or a special cause, but rather an opportunity for all Americans to focus their attention on their precious planet.

I wholeheartedly support House Joint Resolution 258, which designates March 21 as Earth Day 1975; and I urge my colleagues in the House to adopt it.

The SPEAKER. The question is on the motion offered by the gentlewoman from Colorado (Mrs. SCHROEDER) that the House suspend the rules and pass the joint resolution (H.J. Res. 258).

The question was taken.

Mr. HECHLER of West Virginia. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device; and there were—yeas 374, nays 30, answered "present" 1, not voting 27, as follows:

[Roll No. 58]

YEAS—374

Abdnor	Burgener	Drinan
Abzug	Burke, Calif.	Duncan, Tenn.
Adams	Burke, Fla.	du Pont
Addabbo	Burke, Mass.	Early
Ambro	Burlison, Mo.	Edgar
Anderson, Calif.	Burton, John L.	Edwards, Ala.
Anderson, Ill.	Burton, Phillip	Edwards, Calif.
Andrews, N.C.	Byron	Eilberg
Andrews, N. Dak.	Carney	Emery
Annunzio	Carr	English
Archer	Carter	Eshleman
Armstrong	Cederberg	Evans, Colo.
Aspin	Chappell	Evans, Ind.
AuCoin	Chisholm	Fascell
Badillo	Clancy	Fenwick
Bafalis	Clausen, Don H.	Findley
Baldus	Clay	Fish
Barrett	Cleveland	Fithian
Baucus	Cochran	Flood
Bauman	Cohen	Florio
Beard, R.I.	Collins, Tex.	Flowers
Bedell	Conable	Foley
Bell	Conlan	Ford, Mich.
Bennett	Conte	Ford, Tenn.
Bergland	Conyers	Forsythe
Bevill	Corman	Fountain
Biaggi	Cornell	Fraser
Biester	Cotter	Frenzel
Bingham	Coughlin	Frey
Blanchard	Crane	Fulton
Blouin	D'Amours	Fuqua
Boggs	Daniel, Dan	Gaydos
Boland	Daniel, Robert W., Jr.	Giaimo
Bolling	Daniels, Dominick V.	Gilman
Bonker	Danielson	Goldwater
Bowen	Davis	Gonzalez
Brademas	de la Garza	Gradison
Breaux	Delaney	Grassley
Breckinridge	Dellums	Green
Brinkley	Dent	Gude
Brodhead	Derrick	Guyer
Brooks	Derwinski	Hagedorn
Broomfield	Dickinson	Haley
Brown, Calif.	Diggs	Hall
Brown, Mich.	Dingell	Hamilton
Brown, Ohio	Dodd	Hammer-schmidt
Broyhill	Downey	Hanley
Buchanan	Duncan, Oreg.	Hannaford
Harrington	Meeds	Roybal
Harris	Melcher	Runnels
Harsha	Metcalfe	Ruppe
Hawkins	Meyner	Russo
Hayes, Ind.	Mezvinsky	Ryan
Hays, Ohio	Mikva	St Germain
Heckler, Mass.	Milford	Santini
Heinz	Miller, Calif.	Sarasin
Helstoski	Miller, Ohio	Sarbanes
Henderson	Mineta	Scheuer
Hicks	Minish	Schroeder
Hightower	Mink	Schulze
Hillis	Mitchell, Md.	Sebelius
Hinshaw	Mitchell, N.Y.	Seiberling
Holland	Moakley	Sharp
Holt	Moffett	Shipley
Holtzman	Mollohan	Shriver
Horton	Montgomery	Sikes
Howard	Moore	Simon
Howe	Moorhead, Calif.	Sisk
Hubbard	Moorhead, Pa.	Slack
Hughes	Morgan	Smith, Iowa
Hungate	Mosher	Smith, Nebr.
Hutchinson	Motti	Snyder
Hyde	Murphy, Ill.	Solarz
Jarman	Murphy, N.Y.	Spellman
Jeffords	Murtha	Spence
Jenrette	Myers, Ind.	Staggers
Johnson, Calif.	Natcher	Stanton, J. William
Johnson, Colo.	Neal	Stanton, James V.
Johnson, Pa.	Nedzi	Stark
Jones, N.C.	Nichols	Steelman
Jones, Okla.	Nix	Steiger, Ariz.
Jones, Tenn.	Nowak	Steiger, Wis.
Jordan	Oberstar	Stephens
Karth	Obey	Stokes
Kasten	O'Brien	Stratton
Kastenmeier	O'Neill	Stuckey
Kazen	Ottinger	Studds
Kelly	Passman	Sullivan
Kemp	Patman	Symington
Ketchum	Patten	Talcott
Keys	Patterson, Calif.	Taylor, Mo.
Kindness	Pattison, N.Y.	Taylor, N.C.
Koch	Pepper	Thone
Krebs	Perkins	Traxler
Krueger	Peyser	Treen
LaFalce	Pickle	Tsongas
Lagomarsino	Pike	Udall
Latta	Poage	Ullman
Lehman	Pressler	Van Deerlin
Lent	Preyer	Vander Jagt
Levitas	Price	Vander Veen
Litton	Pritchard	Vanik
Lloyd, Calif.	Quie	Vigorito
Lloyd, Tenn.	Quillen	Walsh
Long, La.	Railsback	Wampler
Long, Md.	Randall	Weaver
Lujan	Rangel	Whalen
McClory	Rees	White
McCloskey	Regula	Whitehurst
McCollister	Reuss	Whitten
McCormack	Rhodes	Wiggins
McDade	Richmond	Winn
McEwen	Riegle	Wirth
McFall	Rinaldo	Wolff
McHugh	Risenhoover	Wright
McKay	Roberts	Wydler
McKinney	Robinson	Yates
Macdonald	Rodino	Yatron
Madden	Roe	Young, Fla.
Madigan	Rogers	Young, Ga.
Maguire	Rooney	Young, Tex.
Mahon	Rose	Zablocki
Mann	Rosenthal	Zeferetti
Martin	Roush	
Matsunaga	Rousselot	
Mazzoli		

NAYS—30

Ashbrook	Evins, Tenn.	Michel
Beard, Tenn.	Flynt	Myers, Pa.
Burleson, Tex.	Gibbons	Schneebeli
Butler	Ginn	Shuster
Casey	Goodling	Symms
Clawson, Del	Hansen	Teague
Devine	Hechler, W. Va.	Thornton
Downing	Ichord	Waggonner
Eckhardt	McDonald	Wilson, Bob
Erlenborn	Mathis	Wylie

ANSWERED "PRESENT"—1

Ashley

NOT VOTING—27

Alexander	Landrum	Skubitz
Collins, Ill.	Leggett	Steed
Duncan, Oreg.	Lott	Thompson
Esch	Mills	Waxman
Harkin	Moss	Wilson, Charles H., Calif.
Hastings	Nolan	
Hébert	O'Hara	
Hefner	Roncalio	Wilson, Charles, Tex.
Jacobs	Rostenkowski	
Jones, Ala.	Satterfield	Young, Alaska

So (two-thirds having voted in favor thereof) the joint resolution was passed:

The Clerk announced the following pairs:

Mr. Thompson with Mr. Leggett.
Mr. Charles H. Wilson of California with Mrs. Collins of Illinois.
Mr. Hébert with Mr. Duncan of Oregon.
Mr. Jones of Alabama with Mr. Harkin.
Mr. Rostenkowski with Mr. Nolan.
Mr. Moss with Mr. Esch.
Mr. Roncalio with Mr. Young of Alaska.
Mr. O'Hara with Mr. Hastings.
Mr. Alexander with Mr. Skubitz.
Mr. Landrum with Mr. Lott.
Mr. Satterfield with Mr. Charles Wilson of Texas.
Mr. Hefner with Mr. Waxman.
Mr. Jacobs with Mr. Steed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. SCHROEDER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the joint resolution just passed, House Joint Resolution 258.

The SPEAKER. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

PERSONAL EXPLANATION

Mr. HARKIN. Mr. Speaker, I was unavoidably detained at an important meeting on the farm bill during the vote on House Joint Resolution 258.

Had I been in the Chamber, I would have voted "aye."

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975

Mr. UDALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 25, with Mr. SMITH of Iowa in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before the Committee rose on yesterday, it has been agreed that the remainder of title V of the substitute committee amendment, sections 509 through 529 inclusive, ending on line 3, page 306, would be considered as read and open to amendment at any point.

The Chair wishes to announce that to make the proceedings more orderly he is going to recognize section 509 followed by section 510, and so forth.

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

Mr. Chairman, I have been asked by a number of the members of the committee as to our intentions with regard to the handling of this bill today. The leadership on the majority side has a long program this week, and we discussed the situation with them. It will be our purpose to stay as long as necessary today to finish consideration of this bill. We are now on title V of seven titles. We know of about 15 pending amendments. We will move along as expeditiously as possible, but it will be our purpose to stay as late as necessary this evening to finish work on the bill.

AMENDMENTS OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. HECHLER of West Virginia: Page 256, line 11, after the period, insert the following:

"No coal mine wastes such as coal fines and slimes shall be used as constituent materials in the construction of any coal mine waste dam or impoundment."

Page 267, line 2, after the period, insert the following:

"No coal mine wastes such as coal fines and slimes shall be used as constituent materials in the construction of any coal mine waste dam or impoundment."

Mr. HECHLER of West Virginia. Mr. Chairman, I ask unanimous consent that these two amendments may be considered en bloc.

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

There was no objection.

Mr. HECHLER of West Virginia. Mr. Chairman, the purpose of these amendments is to make absolutely certain that no coal mine wastes be constituted as part of the dam itself. The committee in its wisdom has given the Corps of Engineers authority to set up standards for these coal waste dams, and this provision simply assures that coal mine wastes such as caused the Buffalo Creek tragedy may not be used in a coal mine waste dam itself.

Everyone in West Virginia and many people throughout the Nation recall that on February 26, 1972, a coal waste dam on Buffalo Creek, W. Va., collapsed, sending a 30-foot wall of water down a 17-mile valley; 125 wonderful West Virginians were killed, and 4,000 people were rendered homeless. I certainly hope that we will do everything possible to avoid a repetition of the Buffalo Creek disaster. I strongly urge support for my amendment.

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

Mr. HECHLER of West Virginia. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I am not sure the amendment is necessary because the Corps of Engineers does not permit the use of these materials in construction of dams in any event, but the presence of these additional words will certainly not do any damage and certainly will confirm an existing practice.

To save time I am willing to accept the amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from West Virginia.

The amendments were agreed to.

The CHAIRMAN. Are there further amendments to section 515?

AMENDMENT OFFERED BY MR. GUDE

Mr. GUDE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUDE: Page 256, line 12, strike subsection (14) inclusive and insert in lieu thereof the following subsection:

"(14) segregate all acid-forming materials, toxic materials, and materials constituting a fire hazard and promptly bury, cover, compact and isolate such materials during the mining and reclamation process to prevent contact with ground water systems and to prevent leaching and pollution of surface or subsurface waters;"

Mr. GUDE. Mr. Chairman, subsection 14 provides for the burying or isolation of acid-forming materials and materials that constitute a fire hazard. The amendment I am offering improves the language. It provides for immediate burial.

One of the major aspects of the environmental problems presented by strip mining is the question of acid mine drainage and its toxic effects on water. The problem of acid drainage and leaching of toxic materials continues to be the major problem in reclamation in the Midwest and parts of Appalachia. In the western portion of my own State of Maryland, acid drainage from areas stripped 30 years ago continues to kill all the fish and other aquatic life in the Potomac River in that area.

In the West, the problem is sodic or saline drainage rather than acid drainage. It is an equally serious problem.

Numerous studies have clearly demonstrated that the best way to reduce acid and other types of toxic drainage is through burial and compaction. In the Appalachian Regional Commission studies of the problem in eastern Kentucky, they concluded that:

Further reductions in chemical pollution are possible by means of . . . more rapid burial of acid overburden materials . . . deeper burial of acid materials . . . and compaction of backfilled and graded spoil.

I think this language is an improvement. I ask for the adoption of the amendment.

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

Mr. GUDE. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, this language was in last year's bill. We took it out because we felt that the standards would require the operators to make sure the toxic materials were covered in any event. It is one of those amendments that I do not consider necessary but it certainly does not do any harm. If the committee wants to adopt it, it would not do any damage to the bill.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I appreciate the gentleman yielding and I am perhaps taking advantage of the gentleman, but one reason why we did take that out of the bill was we learned that all biological material is acid forming. It forms amino acids or harmless acids, but it is acid forming. If we adopt this in the law, then anybody who does not bury or cover what would not be deleterious acid-forming material would be in violation of the law.

If the gentleman will note, in section 14 we say:

. . . all debris, acid-forming materials, toxic materials, . . .

In other words, we use the same definition and say that it shall be—

disposed of in a manner designed to prevent contamination of ground or surface waters . . .

I will tell the gentleman the problem with the bill in many sections is that we not only provide a goal as we did in the existing language but also we tried to tell them how. This amendment tells them how. When we commit this kind of regulation to law we unintentionally do great harm because we place a legal impediment or requirement on the person who is very conceivably not intentionally violating the spirit of the situation but because he is not able to promptly bury or cover or compact or isolate the material, even if it were not necessary for safety. The existing language requires the operator to insure against the very thing the gentleman is concerned about and allows the operator to do it in such a manner as would conform to his particular geographic area.

So I will tell my friend that I hope his amendment is defeated because the existing language in the bill accomplishes what the gentleman wants, and his language is going to add only to the problems of the operator.

Mr. GUDE. Mr. Chairman, I think if the gentleman reads the amendment, the language does say "promptly bury, cover, compact and isolate" and so on, so as to "prevent contact with ground water systems and to prevent leaching and pollution of surface or subsurface waters;".

If immediate burial were not necessary to prevent pollution and the officials so specified, then it would not be essential under this language.

Mr. Chairman, I ask for adoption of the amendment.

The SPEAKER. The question is on the amendment offered by the gentleman from Maryland (Mr. GUDE).

The question was taken; and on a division (demanded by Mr. RUPPE) there were—ayes 21, noes 16.

So the amendment was agreed to.

The CHAIRMAN. Are there further amendments to section 515?

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: Page 263, line 15, after the word "cut", strike all through the word "met" on line 22, inclusive.

Mr. HECHLER of West Virginia. Mr. Chairman, this is really a technical perfecting amendment which prevents dumping the spoil downslope on the initial cut temporarily. I think the allowance of the dumping of the spoil downslope from the initial cut temporarily is a loophole which, if removed, would strengthen this bill considerably.

My amendment is designed to eliminate a very serious loophole. Throughout the markup sessions and in its report, the committee has repeatedly emphasized the importance of reclamation standards which prohibit the dumping of spoil on the downslope in steep areas. A 1973 Senate Interior study spells out why even graded spoil on the downslope is a major environmental hazard:

In 1970, Kentucky required some operators, on a demonstration basis, to purposedly spread out the overburden pushed downslope in order to prevent landslides. Such methods, however, are subject to massive sheet and gully erosion and slumping, especially in the high rainfall areas such as the Appalachian region, and, in effect reduce neither the amount of environmental damage nor the number of operator violations.

Yet H.R. 25 contains language which compromises the effectiveness of the prohibition on downslope dumping by allowing the temporary dumping of the "initial cut." "Initial cut" is nowhere defined in the bill, though the report does attempt to limit its applicability. However, as several committee members pointed out during markup sessions, the language as drafted in H.R. 25 could easily be interpreted as allowing dumping of first cuts all along the coal seam—in effect, allowing dumping of spoil much as is done in parts of Appalachia today.

My amendment would close off this loophole of flatly prohibiting all dumping of spoil on the downslope, regardless. This would not prohibit mountain mining—rather it would require the operator to truck the first cut material to a nearby flat area to store it until it is needed in reclamation. Last year's House committee report cites the feasibility of this approach:

At the present time in West Virginia the material from the first cut is set aside—usually on an old strip bench—on nearby or adjacent lands.

Further support for the necessity of cutting off this loophole comes from a recent study done by Mathematica, Inc. for the Appalachian Regional Commission. The study, entitled "Design of Surface Mining Systems in Eastern Kentucky," examined the continuing problems of landslides, sedimentation and water pollution in eastern Kentucky and drew several conclusions which relate to my amendment. Kentucky law allows the dumping of the first cut and then prohibits subsequent dumping. Mathematica concluded that this was inadequate protection and that "in practice tice, violations of these regulations have occurred fairly frequently in recent years." Mathematica pointed out that:

Another possible source of landslides is the reputed tendency of some miners to overload the fill benches resulting from first cuts, by stacking excessive spoil on the outer one-third of the fill bench.

The study concluded that:

The surest way to prevent landslides is probably the last one mentioned above—the use of "no fill bench" methods (no first cut dumping) . . . such methods are roughly comparable in profitability to existing conventional contour methods, and can be practiced using existing equipment.

As you can see from this study, my amendment would insure that the most environmentally sound yet economical reclamation techniques would be used in mountain mining. It would not necessitate the banning of mountain mining, yet it would reduce to a major degree the single most damaging feature of mountain strip mining—landslides.

Mr. STEIGER of Arizona. Mr. Chairman, I appreciate the desire of the Chair to get this over with, but I would like to rise in opposition to the amendment.

This again is one of those attempts. by striking the very specific exemption, the gentleman is again attempting to make an absolute which would compound the operator's problems. I understand the gentleman's desire, but what he is striking is the necessity in some operations to temporarily leave some earth in a different position. It is very specific. It says it is only a temporary position. It must be limited. It is in there for a very real purpose.

Now, we are making it difficult enough for these people to mine. By striking this, it is going to be even that much more difficult. What the gentleman is striking is the designating of temporarily placing it in a limited specified area. That is about as narrow a violation that could be construed by anybody.

I hope again, while I realize the House may not understand what is happening, we ought to at least give the committee credit for working its will in this particular language.

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

Mr. Chairman, I would like to ask the author of the amendment if that is, indeed, still a sentence with the deletion of the lines from 17 to 22? It seems to me we have actually cut off the sentence in midair, so to speak.

Mr. HECHLER of West Virginia. Mr. Chairman, is the gentleman addressing the question to me?

Mr. RUPPE. Yes. It says, "necessary soil or spoil material from the initial block."

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield further?

Mr. RUPPE. Yes.

Mr. HECHLER of West Virginia. I would advise the gentleman that if he feels it would be preferable and improve the wording by putting a period right after the word "cut", I would consider that suggestion.

Mr. RUPPE. Line 15, "where necessary soil or spoil material from the initial block"—and the gentleman leaves it off there.

Mr. HECHLER of West Virginia. I would remind the gentleman that the amendment is on line 15. The gentleman is reading from line 17.

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

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

Mrs. MINK. Mr. Chairman, the amendment as offered by the gentleman from West Virginia places a comma after the word "cut" appearing on line 15, thereby eliminating the entire proviso which we worked out in committee permitting one cut to be put over the slope, which in the recent markup was further amended to provide that this placement of the first cut is only temporary and that it must be subsequently removed.

I supposed that an optimum situation would be that we would never permit any spoil over the slope, but I think that the bill as drafted by the committee contains a reasonable compromise. It permits access into a hill by allowing the spoil of the first cut on the downslope.

So, I would hope that this amendment would not be accepted and the committee bill would be retained.

Mr. RUPPE. Mr. Chairman, I would agree with the gentlewoman. It seems to me that we have said very carefully in the legislation that there is not to be any spoil on the downslope. However, we did provide, because of the block cut method which will be employed, that the spoil from the first cut under the block cut method could be temporarily placed on the downside or slope if it would not create a hazardous condition.

This amendment would substantially increase the cost of mining. We do provide legislation in which the first cut on the downside would be only temporary, and were that practice to be precluded, it would make mining much more difficult and costly.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Chairman, we cannot legislate against landslides which occur when that material and spoil is placed downslope, point No. 1.

The reason the comma is preserved rather than putting a period there is because we pick up on line 22 the proviso: "*Provided*, That spoil material in excess of that required—" and so forth, is left in to complete the sentence. That is the reason for the comma rather than the period.

I simply observe that many, many landslides occur as a result of placing spoil from the initial cut, even temporarily, downslope. That is the purpose of the amendment.

Mr. RUPPE. Mr. Chairman, I would like to point out that I understand the gentleman's concern, but the bill language specifically states that first cuts placed on the downside would have to be placed in such a manner that the material would not slide, and all the other provisions of the bill would be taken care of because we do indicate very clearly even in that single instance, the first cut, the spoil material from the slide would have to be placed in such a way that there would be no sliding of the material and no danger.

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

Mr. RUPPE. I yield to the gentleman from Iowa.

Mr. BLOUIN. Could the gentleman point to the section of this bill where "temporary" is defined? It seems to me the crux of the question revolves around how long that material is going to lie there before it is moved.

Mr. RUPPE. True, but remember that when the mine is planned and in preparation, the mining plan has to be approved by the regulatory authorities, and there is provision for citizen intervention and for citizen participation. Any question as to how the plan would be developed and the timing of it would be checked very carefully by the regulatory authority and, second, would be open for review by any citizen or citizen group which would question the practice.

Mr. BLOUIN. I have two points to make. One of the major objections to this kind of legislation generally comes to those who work within it because of the constantly changing standards they have to undergo. No. 2, it also seems to me to be very expensive to delay an entire project for a citizen to be affected to refer to it, and it is too expensive not to set the guidelines at the beginning.

Mr. RUPPE. I would point out that the block cut standards mandated under this legislation are going to be a difficult and costly mining process, yet we did feel, because of the pressure we have exerted for the utilization of this mining process, we should permit spoil on the downside on the first cut.

It is a very difficult process to handle, and there is a question of how we will handle spoil on the downslide, if we do not provide for an alternative in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. HECHLER).

The question was taken; and on a division (demanded by Mr. HECHLER of West Virginia), there were—ayes 8, noes 31.

So the amendment was rejected.

The CHAIRMAN. Are there any further amendments to section 515?

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING: Page 211, line 21, strike after the word "every" the following: "three months" and insert in lieu thereof the following: "month".

POINT OF ORDER

Mr. STEIGER of Arizona. Mr. Chairman, a point of order. We are on section 516 and 515. This attempts to amend section 502. It is in violation of procedure.

Mr. SEIBERLING. Mr. Chairman, I ask unanimous consent that, although we have passed that point in title V, I be permitted to offer this amendment.

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

Mr. STEIGER of Arizona. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: On page 273, between lines 8 and 9, insert the following new subsection:

"(g) no employee of the state regulatory authority performing any function or duty under this Act shall have a direct or indirect financial interest in any underground or surface coal mining operation, except that an employee may own a total of not more than one hundred shares of stock of companies which have a direct or indirect interest in such operations and which are listed in any securities exchange registered with the Securities and Exchange Commission pursuant to section 6 of the Act of June 6, 1934 (48 Stat. 885: 15 U.S.C., 78f): provided that such employee shall file with the state regulatory authority a written statement concerning such ownership which shall be available to the public. Whoever knowingly violates the provisions of the above sentence shall, upon conviction, be punished by a fine of not more than $2,500, or by imprisonment of not more than one year, or by both. The Secretary shall (1) within sixty days after enactment of this Act, publish in the Federal Register, in accordance with 5 U.S.C. 553, regulations to establish methods by which the provisions of this subsection will be monitored and enforced by the Secretary and such state regulatory authority, including appropriate provisions for the filing by such employees and the review of statements and supplements thereto concerning any financial interest which may be affected by this subsection, and (2) report to the Congress on March 1 of each calendar year on actions taken and not taken during the preceding year under this subsection."

Mr. HECHLER of West Virginia (during the reading). Mr. Chairman, I ask unanimous consent that further reading of this amendment be dispensed with since it is printed in the RECORD and available at everyone's desk, and also since it conforms with the Dingell amendment passed on Friday.

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

There was no objection.

Mr. HECHLER of West Virginia. Mr. Chairman, this amendment would apply the same conflict of interest regulations to the employees of State regulatory agencies and authorities as were included under the Dingell amendment as applied to Federal regulatory officials. Since the Dingell amendment was adopted, my amendment will insure that appropriate and conforming conflict of interest regulations apply equitably.

Mr. Chairman, I now gladly yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, I think this is a correct amendment and will conform to the amendments we agreed to earlier. I would hope the committee would accept this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. HECHLER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING: Page 239, line 22, insert a new paragraph (6) as follows:

"(6) the blasting and excavation practices permitted in connection with any proposed surface coal mining operation not in existence on the date of enactment of this Act will not render unsafe or impractical the subsequent extraction of known deposits of coal recoverable by current deep mining technology beneath the area affected by the proposed surface coal mining operation."

PARLIAMENTARY INQUIRY

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

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. RUPPE. Mr. Chairman, is this amendment to the sections under consideration today, or is it covering a section that we were taking up yesterday?

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield, this amendment covers a section which is one of the sections in title V, and it was agreed yesterday that title V was open to amendment at any point.

The CHAIRMAN. The Chair will state that the amendment is to section 510, and the bill is open for amendment at any point from section 509 to the end of title V.

The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, this amendment is offered to remedy a very serious oversight in this bill. The staff, I believe, concedes that it was an oversight.

We are in the situation that approximately 97 percent of the Nation's coal reserves are minable only by deep mine methods and only 3 percent minable by strip mine methods. It has been estimated that if we stopped deep mining coal entirely and went exclusively to strip mining, we would use up all the strippable coal by the end of this century.

There are places where strippable coal is located above seams of coal that can only be recovered by deep mining methods.

Mr. Chairman, the purpose of this amendment is to make it clear that if stripping above known deposits of deep minable coal would make it impossible to mine that deep coal thereafter, the stripping could not take place until and unless the deep minable coal is extracted.

There may be cases where, because of the type of rock structures and the closeness of strippable areas to the deep minable seams, strip mine blasting could fracture the rock and make subsequent deep mining practically impossible because of the inability of the fractured rock strata to provide adequate roof support for tunnels and working faces of the deep mine.

The proposed amendment would meet this situation by requiring the regulatory authority to find that the coal surface mining operation would not have such an effect on known deposits—and I emphasize the words, "known deposits"—of recoverable deep minable coal located below the proposed strip mine. The amendment is prospective only and would not affect already existing strip mines.

Mr. Chairman, I yield to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, this section is not effective for 2 years. I personally have not had a chance to study the impact of this.

The goal the gentleman seeks is one we could all support. His goal is that in present stripmining operations we would not make it impossible to mine large deposits that must be mined by underground methods.

I think in fairness to the industry, before the conference takes up this provision, we ought to analyze it and find out whether it poses any problems we have not thought about and whether it interferes with coal production.

Mr. Chairman, I would be inclined to accept the amendment on that basis.

Mr. SEIBERLING. Mr. Chairman, I would accept the gentleman's position. I understand that the gentleman would request the Interior Department to give us an opinion, and that if they come up with problems that were not foreseen, I would support modifying or striking the amendment out in conference.

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

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

Mr. RUPPE. Mr. Chairman, my problem with the amendment would be this:

Suppose we have an area that is being strip mined and all of a sudden the mining process would come to a point underneath which underground surface mining operations could be commenced to be developed at a later time. Are we to suggest that the entire strip mining operation come to a halt because at some point beneath the present operation there is an underground coal seam that could be mined at some future date?

First of all, under the language of the amendment we might preclude the mining of a million or 5 million tons of surface coal simply because there may be 5,000 or 50,000 tons of underground recoverable coal beneath the surface-mined areas.

It seems to me that what we are saying is that we will stop any mining process if underneath that surface-mined area there is any size coal deposit at all that could be removed by underground mining methods. It seems to me at that juncture that we would perhaps stop the production of a 1-million ton operation or a 5-million ton operation simply because as little as 5,000 or 50,000 tons of underground recoverable coal may be beneath the area that is presently being mined.

Mr. Chairman, that would be an inefficient and wasteful process, to bring a surface-mining operation to a dead halt simply because underneath the operation there was a given amount of coal that could be mined by some other method.

Mr. SEIBERLING. Mr. Chairman, I think the gentleman's point is well taken.

First of all, let me say that this amendment would affect only new mines. Therefore, if we had a strip mine that was partly over deep minable coal and partly not, when the stripping reaches the point where mining would be above deep-minable coal, then the regulatory authority would have to put some restrictions on the use of explosives or by some other means prevent the destruction of that deep-mined coal.

The other point I think is also well taken in that there should be a balancing, so that stripping of a very large deposit of coal would not be prohibited above a deep minable seam containing only a very small amount of recoverable coal.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. SEIBERLING) has expired.

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

Mr. SEIBERLING. Mr. Chairman, I would be perfectly willing to sit down with the gentleman in conference and work out some refined language based on the evaluation of this by the Interior Department, but I think we do need to have this type of provision in this bill before it goes to conference. Otherwise, we will not be in a position to meet the important problem to which this amendment is directed.

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

Mr. SEIBERLING. I yield to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK. Mr. Chairman, I have a suggestion. If the gentleman added the words "and if of greater economic value" to his amendment, it would answer the questions that have been raised on both sides as to whether we want a restriction of this kind for a very small deposit of coal that might exist and that could only be recovered by underground techniques.

Mr. SEIBERLING. To answer the gentlewoman, I would rather not make that type of amendment, for the simple reason that the deep coal still might be of great economic value. If one had a 50-foot seam of strippable coal on top of a 30-foot seam of deep minable coal, the deep minable coal would still have great economic value and it would be a waste of valuable natural resources to make it impossible to get that deep minable coal out.

I would think that there ought to be a finding by the regulatory authority that the size of the deep minable coal seam is of too little consequence to justify deep mining. I would go along that that, but I suggest that we handle that in conference and simply get this amendment in the bill now so that we can deal with it in conference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

The question was taken; and on a division (demanded by Mr. SEIBERLING) there were—ayes 16, noes 15.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. BLOUIN

Mr. BLOUIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLOUIN: Page 294, line 21, strike the words "boundaries of

any national forest" and insert the following: "the National Forest System".

Mr. BLOUIN. Mr. Chairman, this amendment speaks to the question of whether or not the national grasslands are going to be continued to be preserved and rejuvenated.

I think we are talking about a subject that goes back quite a few years, and maybe it is worth at least a moment or two to try to refresh the memories of the Members about what this whole concept is all about.

Some of the Members may remember that as a result of the droughts of the 1930's and the erosion and depletion of some precious soil deposits that resulted from those thoughts, literally millions of acres of agricultural land were destroyed and rendered, frankly, rather useless. Thousands of American families—farmers and ranchers—saw their life's works and dreams and desires literally disappear with no apparent avenue of hope left.

The Congress in those days responded to that crisis with a program of restoration, preservation, and relocation and, unlike so many programs that have been passed by this body since then, this one, strangely enough, worked.

The 3,822.000 acres of our time. our money, and our hopes for our people for over 40 years have gone into this program of reclamation and restoration and recycling of land resources.

Now, really when we are literally on the brink of completing our waiting for recycling of this land, to bring it back to a usable level, and in many instances already having accomplished this goal, we find ourselves in an effort on the part of some to literally rip the top off that soil and put back four decades of work into the back pages of history somewhere, of eliminating the concern and care of that land that has taken so long to restore, land that, whether you know it or not, is presently being used for grazing by thousands of cattle and sheep belonging to farmers and ranchers in these regions—land that is presently being used as a wildlife habitat for thousands of antelope, deer, quail, pheasant, and other wild game—land that is presently being used and enjoyed by hundreds of thousands of hunters, fishermen, campers, and picnickers from all over this country annually—and land that is presently being used to demonstrate the practicability of grassland management and development needed to keep unstable soils in place, and covered with grass.

Mr. Chairman, in my opinion now is not the time to regress from 40 years of conservation management for the sake of exploiting what really amounts to less than one-half of 1 percent of the total coal reserves in this country.

Now is the time to show that we are concerned about the need to preserve this land, and to protect those 3.8 million acres of usable land for people with a long-term benefit instead of a short-term, one-shot benefit of an undetermined amount of so-called need of energy.

Our amendment makes every effort to speak to this concern. Its passage in my opinion would allow the fulfillment of the goals of title III of the Bankhead-Jones Tenant-Farmers Act of 1937.

That is how long this Congress has been helping that program. That is how long those people in those parts of this country have been waiting for that land to be returned to a usable state. All our amendment does is insure that that will continue.

I ask for the support of the Members of this amendment, and urge its passage.

AMENDMENT OFFERED BY MR. DINGELL AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BLOUIN

Mr. DINGELL. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL as a substitute for the amendment offered by Mr. BLOUIN: On page 294, line 10, strike "Subject to valid existing rights no" and insert therein the word "No"; and

2. On page 294, strike all on line 21 through the semicolon on line 23, and insert therein the following:

"(2) on any lands within the boundaries of national forests or national grasslands: *Provided*, that the prohibition in this subsection shall not prevent (A) such mining within any of these lands where the deeds conveying the surface lands to the United States reserved the coal and specifically provide for the surface mining thereof, or (B) the surface operations and impacts incident to an underground coal mine: *Provided*, further that in no event shall such mining operations be exempt from the requirements of this Act;".

Mr. DINGELL. Mr. Chairman, I want to commend my colleague, the gentleman from Iowa (Mr. BLOUIN) for offering an excellent amendment. I do not want my colleagues to think that my offering of this amendment in any way takes away my support of the amendment which is offered by our able colleague, the gentleman from Iowa.

It is an attempt simply to add further perfections in a fashion which would least utilize the time of the House of Representatives. Everything that my friend and colleague, the gentleman from Iowa, has said in substantive support of his amendment would apply to the amendment which I offer.

My amendment was printed in the CONGRESSIONAL RECORD on March 13, 1975, beginning at page H1723, pursuant to rule XXIII, clause 6.

The amendment which I offer is very little different, as I have indicated, from that offered by the gentleman from Iowa, and very little different from that which Ioffered during the consideration of this legislation during the previous Congress. The amendment that I offer as a substitute for that offered by my friend, the gentleman from Iowa, does the following:

One, it prohibits all surface coal mining in areas of national parks, national wildlife refuge systems, and wilderness systems. It again prohibits surface coal mining in the National Forest and Wild and Scenic River Systems except where such mining exists on the date of enactment and except where the deeds, conveying lands to the United States reserved the coal and permitted such mining, with the added proviso that such mining would be subject to the regulatory requirements of the bill.

The conferees during the previous Congress rewrote this section to permit the continuance of existing mining operations in national parks, national wildlife refuges and wilderness systems, and to permit all mining based on "valid existing rights." That clause is a puzzling one. It appears to cloud the matter. It is my understanding that the committee wants to prohibit mining in these areas. But what does the provision mean? I think it is extra verbiage and really has no meaning.

The amendment now before us adds really only one thing to that offered by my friend, the gentleman from Iowa. It continues the prohibition against surface mining in the areas listed, first, national parks, wildlife refuges, and wilderness systems, and also the other parts of the national forest; and second, our scenic river systems and the grasslands.

But it again prevents the surface mining from taking place pursuant to the so-called preexisting rights of which we are not informed, and which may very well authorize a kind of mining in a degree and amount and in places where this body is not prepared to accept it, or where on the basis of sober understanding I think the people of this Nation would not want to have that take place.

The bill before us contains the conference approach of last year, and it appears to permit coal mining in places where in my view surface coal mining should not be tolerated; namely, the national grasslands, and for that reason I would urge the adoption either of the substitute which I offer to that offered by my friend, the gentleman from Iowa, or at least the amendment offered by my friend, the gentleman from Iowa.

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

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

Mr. RUPPE. I thank the gentleman for yielding.

This amendment, then, would extend the prohibition of surface mining to grasslands and to those private lands within the boundaries of any unit of the National Forest System; am I correct?

Mr. DINGELL. I have other amendments which will reach 300 yards out of sight of existing areas of the National Forest System which I will later cover.

Mr. RUPPE. If the gentleman will yield further, this amendment does cover private lands. It says:

On any lands within the boundaries of national forests or national grasslands . . . .

Mr. DINGELL. The gentleman from Michigan is correct and I regret I gave an erroneous impression. I would note, however, that I simply followed the language of the bill.

AMENDMENT OFFERED BY MR. M'KAY TO THE AMENDMENT OFFERED BY MR. DINGELL AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BLOUIN

Mr. McKAY. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. McKAY to the amendment offered by Mr. DINGELL as a substitute for the amendment offered by Mr. BLOUIN: After (2) delete "on any lands within the boundaries of national forest or national grasslands:" and insert in lieu thereof the following: "on any Federal lands within the boundaries of any national forest east of the one-hundredth meridian or on any lands within the boundaries of any national forest which, one the date of the enactment of this Act, are managed and utilized primarily for outdoor recreation or for sustained yield timber production:".

Mr. McKAY. Mr. Chairman, the purpose of this amendment is in fact to allow in certain areas of the national forest some mining. I agree with the Strip Mining Act that we need to make some regulation, we need to tighten it down, and we need to reclaim, and we need to manage, and we need to do all these things. The effect of this amendment would allow and require all that.

Let me indicate some things. I am concerned about the total prohibition on surface mining in the national forest areas. I recognize the need for special protection in the national forests. I would hate to see the stripping of land covered with beautiful aspen or alpine forest. On the other hand, not all forestland is important scenic, recreational, or timber land.

I would like to indicate, if any of the Members are interested, a picture of some of the national forest land where there is not a stick of timber and there are not grasslands. They do have some coal under the surface and we should be able to use it. We should be able to use the coal under this land in these areas, which could be under the rules and regulations of this bill be refurbished and in some locations it could be left in a conditon better than it is now. Therefore, I think we ought not totally to exclude it.

I think it is unwise to completely preclude the possiblity of surface mining where important environmental values are not a consideration—and, I underline, are not compromised.

The proposed amendment provides careful protection for all the important forest values. Surface coal mining is prohibited where the present use or value of the area to be mined is primarily related to timber or recreational use as the effective date of this act.

In addition, the areas could be designated as unsuitable for mining where there would be significant damage to the environmental values or the national system under this.

Also, the strict regulations would apply to limited areas where mining might be allowed.

So we are providing all the rules and regulations.

There are about 7 billion tons of known coal reserves on the national forest lands. Some of these lands really should not be surface mined, because of the recreational, timber, or scenic values which should be protected. But this should not mean that all the forest land should be precluded from being mined. Our national energy demands mean that this should not be locked up where the important environmental values would not be compromised by the surface mining. This amendment provides the needed protection for our national forest without a total prohibition.

It should be understood that all the national forest is not all forests. Half the national forest land is range land and some forest land is of real scenic value and some has timber value.

In our western part of the country over the years many people have participated in getting the Forest Service to buy out—or the local communities have bought up—certain lands for the Forest Service to administer because those lands were being ill administered, and the lands have been brought back to a better ecological state than they were before. I think that ought to continue. For example, in an area called the Fish Lake area in Utah, there are some 1,500 acres which contain 15 million tons of low sulfur coal. There is no vegetation except for sagebrush, the area is dry, and there is in some areas a few pinions and junipers. There is no significant wildlife. In this type of land I think we need to make the opportunity available to mine the coal.

One other thing this amendment does is that it precludes mining in all areas east of the 100th meridian, which is roughly down the middle of North and South Dakota, Kansas, Oklahoma, and so on, so this does not open up the forest lands east of that parallel. This applies only to the western section of the country.

I would urge my colleagues to support the amendment.

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

Mr. Chairman, the three amendments by my friends, the gentleman from Utah (Mr. McKAY), by the gentleman from Iowa (Mr. BLOUIN), and by the gentleman from Michigan (Mr. DINGELL), all seek to upset the very finely tuned compromise that it took us months and months to work out. In the bill that emerged last month and in the bill today we have a flat prohibition against coal surface mining in all the U.S. National Park System, the National Scenic River System, the National System of Trails, and we also include the national forests in the Blouin amendment, which would seek to exclude mining in national grasslands, which in the committee bill is permitted.

The national grasslands are some special lands really in several Western States including Wyoming which were taken in very bad condition in the 1930's and were rejuvenated.

There are very tough environmental standards in the bill if we do mine the grasslands.

I would remind my colleagues that yesterday we adopted the amendment of the gentleman from Colorado (Mr. EVANS) to fully protect the alluvial areas, to ban mining on them, so we have a very good protection and balance in the bill.

My friend, the gentleman from Utah (Mr. McKAY) makes a good point that there are areas in his territory that are not really forests. They are sage and open land and so on. If we are going to permit anything, I would prefer we should keep this, but the wisest thing to do is to defeat all the amendments and permit this compromise to stand.

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

Mr. Chairman, I will allay some of the fears of the Members and I will only take a minute or 2 to respond to my good friend, the gentleman from Utah (Mr. McKAY) on the type of land he is talking about and the possibility of mining it.

I asked the Bureau of Land Management in Montana, which administers 8 million acres of Federal lands in Montana how much of the BLM land would be mined in Montana in the next 10 years and they told me it would be 5,000 acres. Due to the preponderance of BLM land in the area of Montana lying over the Fort Union coal deposit, this would probably mean that during the next 10 years, if BLM estimates are correct, we are only going to mine about 15,000 acres of land in Montana including private and State lands. There are no applications and never have been applications for lease for coal mining in the national forests so there is no urgency to allow mining in national forests.

Much of those lands in the West which overlie the huge Fort Union coal deposit are administered by the Bureau of Land Management.

The need for mining federally owned coal can easily be met on those lands.

We have no need to open up the Custer National Forest or other national forests, but I do want to say to my good friend, the gentleman from Utah, that he is absolutely correct. The type of land he is describing, and which I have viewed myself in Utah, is not what we would envision as logically belonging in a national forest. Why it was put in a national forest is a mistake of this country.

I would say what is proper is a restructuring of who manages what. I do not think the national forest system per se is so sacred that the boundaries have to remain as they are when they do not really include lands that meet the criteria of forest lands.

I know there are national forests that have different types of land; but I think the gentleman from Utah is absolutely correct when he said that the type of land he is describing better fits the type of land we would find administered by the Bureau of Land Management, rather than be included in a national forest.

I would say a better solution to the problem is a restructuring or putting lands under the proper Federal management where they fit, rather than leaving them in the boundaries we now have, which do include much land in national forests which are very similar to Federal

lands managed by the Bureau of Land Management.

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

Mr. MELCHER. I yield to the gentleman from Utah.

Mr. McKAY. Mr. Chairman, as the gentleman knows, I would be willing if the Congress would tighten it down to eliminate Custer National Forest. I would suppose that you could handle that in conference and I would not have any objection to that.

As the gentleman knows, the Forest Service and the Bureau of Land Management administers lands of very similar nature. The Bureau of Land Management, I agree, has more of the range management mineral lands than the Forest Service, but they each have quantities of it and each administer jurisdiction of timber sales and all of the other types of lands. If we could sort out all of those—which I do not expect we are going to do—then I would agree with the gentleman, but we are not really going to do that and make this a purely environmental and strictly timber area in the national forest.

So, this is the only alternative we have, to leave those areas out, and I believe they should.

I think there are sufficient safeguards within the bill in every other section to mandate and give guides for the judgment of the agencies, and if they follow the guidelines already set, I see no danger of destroying the resource.

Mr. MELCHER. I wish the proposed language in the gentleman's amendment would clearly delineate what we are attempting to do, but I am afraid that simply stating that a national forest used primarily for timber or recreational purposes, would not be strip mined is inadequate. There simply is not an adequate guideline for Congress to establish what national forests would not be strip mined for coal.

I am afraid, under the cirmumstances, I will have to stick with the language in the bill and oppose the amendment.

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

(On request of Mr. SEIBERLING and by unanimous consent Mr. MELCHER was allowed to proceed for 1 additional minute.)

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

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

Mr. SEIBERLING. Mr. Chairman, I would just like to clarify a point in the amendment of the gentleman from Utah. I understand land in the Custer National Forest, which is in your State of Montana, is used for both timber and for grazing purposes, is that correct?

Mr. MELCHER. Custer National Forest is administered under the multiple-use concept. It is used for grazing, for some timber production, for recreation; all the usual multiple uses.

Mr. SEIBERLING. The same land is used for both purposes in many areas, is that correct? In other words, there is timber on it, and also it is used for grazing land?

Mr. MELCHER. The gentleman from Utah has offered an amendment that would clearly indicate that the Custer National Forest would be open to strip mining for coal.

Mr. SEIBERLING. That is the point I wanted to clarify.

Mr. MELCHER. I might point out to the Members of the Committee that the language that is in the bill says that there can be no coal strip mining on any Federal land within the boundaries of a national forest—which of course does permit mining on private land within the national forest and we do have some private land in Custer National Forest—so there could be some mining on private lands, but under the committee bill there would be a ban on all Federal land in the national forest.

Mr. WIRTH. Mr. Chairman, I make the point of order that a quorum is not present.

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

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears. Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

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

The Committee will resume its business.

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

Mr. Chairman, I take this time to ask the gentleman from Utah (Mr. McKAY) whether he can explain to us just a little about what kind of land it is we are talking about.

I have some information about one place in North Dakota that does not happen to come under the national forest system, but which supports five cows grazing over 5 million tons of coal, and I was wondering whether the gentleman from Utah has some similar land that might become available to mine or whether he could give us that information.

The land I refer to has five cows grazing over 5 million tons of coal, and we are saying we cannot mine it. I wonder whether this is the same kind of land as is the case down in Utah.

Mr. McKAY. If the gentleman will yield, I would say that we might take care of six or seven cows in that same area.

Mr. SYMMS. Does the gentleman mean cows that must move from grass clump to grass clump at 30 miles an hour to keep from starving to death?

Mr. McKAY. I have some pictures showing the character of the land I am talking about, which really is mineable, but at the present time it is not usable for much of anything. In some of these cases, if it were stripped and required to be put back, it would then present a better soil condition, one in which the environment could be improved for grazing and other uses.

Mr. SYMMS. Mr. Chairman, I thank the gentleman very much. I am in strong support for the gentleman's amendment. I think this would be one of the few chances we would have to improve the legislation, and I hope the amendment is accepted, as it will make this legislation slightly less obnoxious.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Utah (Mr. McKAY) to the amendment offered by the gentleman from Michigan (Mr. DINGELL), as a substitute for the amendment offered by the gentleman from Iowa (Mr. BLOUIN).

The question was taken; and on a division (demanded by Mr. McKAY) there were—ayes 22, noes 32.

So the amendment to the amendment, offered as a substitute for the amendment, was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. DINGELL), as a substitute for the amendment offered by the gentleman from Iowa (Mr. BLOUIN).

The question was taken; and on a division (demanded by Mr. HECHLER of West Virginia) there were—ayes 12, noes 35.

So the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. BLOUIN).

The question was taken; and on a division (demanded by Mr. BLOUIN) there were—ayes 20, noes 36.

RECORDED VOTE

Mr. BLOUIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 168, noes 248, not voting 16, as follows:

[Roll No. 59]

AYES—168

Abzug	Coughlin	Hayes, Ind.
Addabbo	Delaney	Hechler, W. Va.
Ambro	Dellums	Heckler, Mass.
Anderson, Calif.	Diggs	Heinz
	Dingell	Holtzman
Ashley	Dodd	Howard
Aspin	Downey	Hubbard
Badillo	Drinan	Hughes
Bafalis	du Pont	Jacobs
Baldus	Early	Johnson, Colo.
Baucus	Edgar	Karth
Beard, R.I.	Edwards, Calif.	Keys
Bedell	Emery	Koch
Bennett	English	Krebs
Biaggi	Evans, Ind.	Latta
Biester	Fascell	Leggett
Blanchard	Findley	Lehman
Blouin	Fish	Levitas
Bonker	Fisher	Lloyd, Calif.
Brademas	Fithian	Long, Md.
Breckinridge	Florio	McClory
Brodhead	Ford, Mich.	McCloskey
Brown, Calif.	Fraser	McDade
Burke, Calif.	Frenzel	McHugh
Burke, Fla.	Gaydos	Macdonald
Burton, John L.	Gilman	Maguire
Burton, Phillip	Green	Matsunaga
Carr	Gude	Metcalfe
Chisholm	Hall	Mezvinsky
Clay	Hannaford	Mikva
Cohen	Harkin	Miller, Calif.
Conte	Harrington	Miller, Ohio
Conyers	Harris	Mineta
Cornell	Hawkins	Minish

Moakley	Reuss	Spence
Moffett	Richmond	Stanton,
Moorhead,	Riegle	James V.
Calif.	Rinaldo	Stark
Mosher	Rodino	Steed
Moss	Roe	Stokes
Mottl	Rogers	Stratton
Murphy, Ill.	Rooney	Studds
Myers, Pa.	Rosenthal	Symington
Natcher	Rostenkowski	Thompson
Neal	Roush	Traxler
Nedzi	Roybal	Tsongas
Nix	Russo	Van Deerlin
Nolan	Ryan	Vander Veen
Oberstar	Sarbanes	Vanik
Ottinger	Scheuer	Vigorito
Patterson, Calif.	Schroeder	Whalen
Pattison, N.Y.	Sharp	Wirth
Perkins	Shipley	Wolff
Peyser	Simon	Yates
Pike	Smith, Iowa	Young, Fla.
Price	Solarz	Young, Ga.
Rangel	Spellman	Zeferetti

NOES—248

Abdnor	Foley	Meeds
Adams	Ford, Tenn.	Melcher
Anderson, Ill.	Forsythe	Meyner
Andrews, N.C.	Fountain	Milford
Andrews,	Frey	Mink
N. Dak.	Fulton	Mitchell, N.Y.
Annunzio	Fuqua	Mollohan
Archer	Giaimo	Montgomery
Armstrong	Gibbons	Moore
Ashbrook	Ginn	Moorhead, Pa.
AuCoin	Gonzalez	Morgan
Barrett	Goodling	Murphy, N.Y.
Bauman	Gradison	Murtha
Beard, Tenn.	Grassley	Myers, Ind.
Bell	Guyer	Nichols
Bergland	Hagedorn	Nowak
Bevill	Haley	Obey
Bingham	Hamilton	O'Brien
Boggs	Hammer-	O'Hara
Boland	schmidt	O'Neill
Bolling	Hanley	Passman
Bowen	Hansen	Patman
Breaux	Harsha	Patten
Brinkley	Hays, Ohio	Pepper
Brooks	Hefner	Pickle
Broomfield	Helstoski	Poage
Brown, Mich.	Henderson	Pressler
Brown, Ohio	Hicks	Preyer
Broyhill	Hightower	Pritchard
Buchanan	Hillis	Quie
Burgener	Hinshaw	Quillen
Burke, Mass.	Holland	Railsback
Burleson, Tex.	Holt	Randall
Burlison, Mo.	Horton	Rees
Butler	Howe	Regula
Byron	Hungate	Rhodes
Carney	Hutchinson	Roberts
Carter	Hyde	Robinson
Casey	Ichord	Roncalio
Chappell	Jarman	Rose
Clancy	Jeffords	Rousselot
Clausen,	Jenrette	Runnels
Don H.	Johnson, Calif.	Ruppe
Clawson, Del	Johnson, Pa.	St Germain
Cleveland	Jones, Ala.	Santini
Cochran	Jones, N.C.	Sarasin
Collins, Tex.	Jones, Okla.	Satterfield
Conable	Jones, Tenn.	Schneebeli
Conlan	Jordan	Schulze
Corman	Kasten	Sebelius
Cotter	Kastenmeier	Seiberling
Crane	Kazen	Shriver
D'Amours	Kelly	Shuster
Daniel, Dan	Kemp	Sikes
Daniel, Robert	Ketchum	Sisk
W., Jr.	Kindness	Slack
Daniels,	Krueger	Smith, Nebr.
Dominick V.	LaFalce	Snyder
Danielson	Lagomarsino	Staggers
Davis	Landrum	Stanton,
de la Garza	Lent	J. William
Dent	Litton	Steelman
Derrick	Lloyd, Tenn.	Steiger, Ariz.
Derwinski	Long, La.	Steiger, Wis.
Devine	Lott	Stephens
Dickinson	Lujan	Stuckey
Downing	McCollister	Symms
Duncan, Oreg.	McCormack	Talcott
Duncan, Tenn.	McDonald	Taylor, Mo.
Eckhardt	McEwen	Taylor, N.C.
Edwards, Ala.	McFall	Teague
Eilberg	McKay	Thone
Erlenborn	McKinney	Thornton
Eshleman	Madden	Treen
Evans, Colo.	Madigan	Udall
Evins, Tenn.	Mahon	Ullman
Fenwick	Mann	Vander Jagt
Flood	Martin	Waggonner
Flowers	Mathis	Walsh
Flynt	Mazzoli	Wampler
Weaver	Wilson, Bob	Yatron
White	Winn	Young, Alaska
Whitehurst	Wright	Young, Tex.
Whitten	Wydler	Zablocki
Wiggins	Wylie	

NOT VOTING—16

Alexander	Michel	Wilson,
Cederberg	Mills	Charles H.,
Collins, Ill.	Mitchell, Md.	Calif.
Esch	Risenhoover	Wilson,
Goldwater	Skubitz	Charles, Tex.
Hastings	Sullivan	
Hébert	Waxman	

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word for the purpose of asking a question of the chairman of the subcommittee.

Mr. Chairman, I would like to ask the chairman of the subcommittee, the distinguished gentleman from Arizona (Mr. UDALL) to give us an explanation with respect to paragraph 2 on page 264:

Complete backfilling with spoil material—

This relates to steep slopes—

shall be required to cover completely the highwall and return the site to the approximate original contour, which material will maintain stability following mining and reclamation.

I wonder if the chairman could explain whether the words "approximate original contour" mean that the operator cannot take necessary steps to control drainage and erosion during reclamation?

Mr. UDALL. Mr. Chairman, if the gentleman will yield, the answer is "No."

"Approximate original contour" is a general standard and as defined in the act means that surface configuration "achieved by backfilling and grading of the mined area so that it closely resembles the surface configuration of land prior to mining and blends into and complements the drainage pattern of the surrounding terrain."

After regrading to approximate original contour and reconstructing the basic drainage pattern in the regraded area, one of the major problems facing the operator is the control of erosion during the reestablishment of vegetation. Regrading to approximate original contour allows the surficial shaping of the regraded area to adequately control drainage and erosion. Appropriate drainage control measures involving the shaping of the surface include, for instance, a series of diversion ditches or ridges across the final grade of slope, the use of grass-lined waterways, gouging to retard surface runoff and increased infiltration into the spoil, and similar measures which are in common use by the Soil Conservation Service for the Environmental Protection Agency. The general measures of siltation control and further discussed and expanded in the committee report—pages 105–106.

Mr. SEIBERLING. I would also like to ask the Chairman if "approximate original contour" means that, subsequent to the backfilling of the highway, it would be permissible to run a haul road or access road across the restored terrain.

Mr. UDALL. Yes.

The committee recognizes that mining access and haul roads, under limited and prescribed conditions, might well continue to serve useful purposes to land owners after reclamation. In such limited circumstances, roads can be left as part of the reclamation plan, but it is also expected that this will be identified in the approved mining and reclamation plan. The committee report contains a discussion of the role of coal access and haul roads—pages 117–118—including the potential utility and performing environmental protection functions by breaking up drainage down long slopes or perhaps serving as a barrier to keep spoil off outslopes. Specific standards in the bill apply to access roads and these would have to be met.

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

Mr. Chairman, I ask unanimous consent that all debate on this section and all other sections and all other titles of the bill end no later than 4:30 this afternoon.

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

Mr. SEIBERLING. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. STEIGER of Arizona. Mr. Chairman, for that logical and reasonable objection, I will sit down.

The CHAIRMAN. Are there further amendments to section 522?

Are there amendments to section 523?

AMENDMENT OFFERED BY MR. PICKLE

Mr. PICKLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PICKLE: Page 297, after line 18, insert the following:

"(f) Section 3(b) of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 352) shall not apply to deposits of coal (including lignite) from lands within the boundaries of Camp Swift National Guard Facility, Texas, which may be leased by the Secretary of the Interior to a governmental entity (including any corporation primarily acting as an agency or instrumentality of a State) which produces electrical energy for sale to the public, but only if the Secretary of Defense concurs in such leasing."

Mrs. MINK. Mr. Chairman, I make a point of order against the amendment.

Mr. PICKLE. Mr. Chairman, would the gentlewoman reserve her point of order?

Mrs. MINK. I will reserve my point of order.

Mr. PICKLE. Mr. Chairman, I want to take a little time in exploring a perplexing situation under our present mineral leasing laws.

Under our law, coal or lignite under acquired Government property set aside for military use cannot be leased. I have had people research this statute, passed in the 1920's, and there is no evidence whatsoever why this exception to leasing was put into the law. But it was.

Since a desire to obtain coal or lignite, that lies under acquired Federal property set aside for military purposes, has not been a factor in passing laws over the past 55 years, the Congress has allowed this anomaly to continue. It ought to be changed.

In my congressional district, we have

collided head-on with the roadblock thrown up by 30 U.S.C. 352.

Because Texas entered the Union as a Republic, Texas retained title to all public lands. Thus, any Federal land in Texas is "acquired property."

During World War II, an Army base was established south of Austin, near Bastrop, Tex. This base, called Camp Swift, is still owned by the Department of Defense even though only the Texas National Guard and some Reserve units use the property.

In the early 1900's, throughout this region, lignite was mined. Texas oil and gas soon snuffed out interest in lignite.

Today, however, the utilities of central Texas need to convert their generators from natural gas and oil to energy sources like coal or lignite. These utilities are not investor owned but publicly owned utilities. They are the utilities owned and run by the city of Austin and the Lower Colorado River Authority, a State agency.

Already these two government agencies are constructing a new coal-fired plant. To fire this plant, Austin and the LCRA have contracted for coal from Montana.

Considering transportation costs, and the unreliability of moving coal from Montana to Texas, everyone agrees that using Texas lignite would be a better course of action.

The Texas National Guard has agreed to a mining plan drawn up by the Becthol Power Corp., which was hired by the LCRA to study the Camp Swift lignite. The plan calls for piecemeal mining and the latest in land reclamation techniques. Such a technique would not interfere with the Guard's use.

The LCRA and city of Austin are ready to take steps to mine the lignite.

But alas, no one can let the lignite go because of a 1920 statute.

Central Texas utility bills have tripled and quadrupled because of the rising costs of natural gas and fuel oil.

Over 2 million citizens need the help of Congress in getting this lignite.

Mr. Chairman, the amendment I have offered is as follows:

Section 3(b) of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 352) shall not apply to deposits of coal (including lignite) from lands within the boundaries of Camp Swift, National Guard facility, Texas, which may be leased by the Secretary of the Interior to a governmental entity (including any corporation primarily acting as an agency or instrumentality of a State) which produces electrical energy for sale to the public, but only if the Secretary of Defense concurs in such leasing.

This amendment was narrowly drawn just to take care of Camp Swift.

The gentleman from Arizona, and the gentlewoman from Hawaii, have suggested that my amendment would more properly be in legislation reforming the mineral leasing policy instead of this strip-mining bill.

May I ask the Committee when such legislation will be considered?

POINT OF ORDER

Mrs. MINK. Mr. Chairman; I insist on my point of order?

The CHAIRMAN. The gentlewoman from Hawaii will state her point of order.

Mrs. MINK. Mr. Chairman, I am forced to make a point of order on this amendment because it seeks to amend the Mineral Leasing Act which is not amended by either this section or by any other section of the bill that we have under consideration.

The particular section which this amendment seeks to amend has to do with a provision which sets up the procedures by which the Federal Government establishes a reclamation and mining plan with respect to its Federal lands, It has to do with the establishment of standards and methods of extracting the coal and relates to the provisions that constitute requirements for such removal.

This amendment which the gentleman from Texas has offered to do with the amendment of another statute entirely separate from the pending bill and seeks to single out one particular piece of property located in the State of Texas, to render it exempt from the provisions of the Mineral Leasing Act.

So for the purposes of this bill, my point of order goes to the point that it is not germane and it amends a bill that is not a pending matter.

Mr. PICKLE. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK. Yes, I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Chairman, would the gentlewoman not agree in principle that since the Defense Department, the appropriate part of the Federal Government, which owns title to the land, is agreeable to the mining of the lignite for the use of a publicly owned utility, that ought to be taken into account?

Mrs. MINK. Yes, Mr. Chairman, I will agree with the gentleman as to the substance of his amendment. I wish only to suggest that there is a bill pending before my subcommittee which seeks to go into this entire matter of coal leasing, and it would be more appropriate for the amendment to be considered in the consideration of that bill.

Mr. PICKLE. Mr. Chairman, will the gentlewoman tell me what action there has been on that bill?

Mrs. MINK. We have had hearings on that same bill last year. It was up for markup last December, but we could not complete our business. It is now the immediately pending business of the subcommittee as soon as this strip mining bill has been completed.

Mr. PICKLE. Mr. Chairman, if the gentlewoman will yield further, the gentlewoman makes reference to the Minerals Leasing Act which was previously considered. Is that the same measure that did pass the other body last year?

Mrs. MINK. The gentleman is correct.

Mr. PICKLE. And the time just ran out, and that is the reason we did not get to the consideration of that bill?

Mrs. MINK. The gentleman is correct.

Mr. PICKLE. Mr. Chairman, I do not know what the ruling of the Chair would be, but I think the amendment is germane.

Certainly, in the case the Chair would rule differently, I suggest we act on this matter with the greatest speed, because this material is needed by publicly owned utilities, and everybody is agreed it is held up because of the old 1920 statute. Certainly time is of the essence.

Mrs. MINK. Mr. Chairman, I assure the gentleman that this matter will be considered at the appropriate time, when we take up the minerals leasing bill.

The CHAIRMAN. Does the gentleman from Texas (Mr. PICKLE) wish to be heard further on the gentlewoman's point of order?

Mr. PICKLE. Mr. Chairman, in view of our colloquy, I do not believe I will proceed with this matter any further.

The CHAIRMAN. Does the gentleman request unanimous consent to withdraw his amendment?

Mr. PICKLE. Mr. Chairman, I ask unanimous consent to withdraw my amendment, since I have had the assurance by the gentlewoman that the committee is in the final stages of the markup of the other bill and will give first consideration and top priority to that matter.

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

There was no objection.

AMENDMENT OFFERED BY MR. WIRTH

Mr. WIRTH. Mr. Chairman, I offer an amendment to section 522.

The Clerk read as follows:

Amendment offered by Mr. WIRTH: Page 294, line 13, insert after the word "lands" the following: "which adversely affect or are located".

Mr. WIRTH. Mr. Chairman, the purpose of this amendment is very simple. It assures that any strip mining which might occur next to National Park Systems, the National System of Trails, the National Wilderness Preservation System, and the Wild and Scenic Rivers and National Recreation Systems, meaning strip mining which may occur next to those particular national preserves, will not be allowed to occur if it is going to have an adverse impact.

For example, in my part of the country it is very possible that we might have strip mining occur next to a national forest and have the activities of that strip mining affect wildlife and game and cause various kinds of erosion.

It seems to me this amendment is particularly in the spirit of the bill which has been managed so ably by the gentleman from Arizona (Mr. UDALL).

Mr. Chairman, I urge adoption of my amendment.

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

Mr. WIRTH. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, this is the one part of the Dingell amendment which was acceptable to me. It has nothing to do with the national forests.

It simply says that if one is strip mining on lands adjacent to a national park and it would adversely affect that national park, it would not be permitted. I think that is in the spirit of what we are trying to do, as the gentleman said.

Mr. Chairman, I do not think this amendment makes any great change, and, in fact, I believe it strengthens the bill.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I understand what the gentleman is attempting to do, but I will just point out that as this amendment is written, it may be subject to misinterpretation of existing rights. It would say that no surface coal mining operations shall be permitted "on any lands which adversely affect."

By the simple sentence structure—and I do not mean to be nitpicking—what the gentleman is saying in the amendment is that the lands themselves adversely affect the image of the National Park System. I think what the gentleman means to say is: "If the mining activity would adversely affect the following systems."

I would just point out to the gentleman that if he will read the language as he has offered it, it now reads "on any lands which adversely affect or are located within the boundaries of units of the National Park System," et cetera.

Mr. WIRTH. No, it reads, "shall be permitted—which adversely affect."

Mr. STEIGER of Arizona. I am sorry. I realize that that is the gentleman's intention, but that is not the way it reads. If the gentleman wants to leave it like that that is fine since he obviously has the votes, but does that means that the gentleman wishes to leave an inaccurately constructed sentence in there, simple because he has the votes?

Mr. WIRTH. I think I know exactly what it means, and the gentleman knows what it means.

Mr. STEIGER of Arizona. Does the gentleman mean that the lands adversely affect the National Park System?

Mr. WIRTH. No, strip mining which adversely affects.

Mr. STEIGER of Arizona. The gentleman is not reading the whole sentence. Read the whole sentence as you have amended it. I ask the gentleman to read it to himself.

Mr. UDALL. Mr. Chairman, will the gentleman yield to me?

Mr. WIRTH. I yield to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I think it is very clear as to what the gentleman intends. If there is a problem, we would like to have the legislative history clear.

The gentleman is talking about mining operations which adversely affect and not the existence of the lands which adversely affect. It is the mining operations, is it not?

Mr. WIRTH. Mining, strip mining, which adversely affects the operations.

Is that difficult to understand, I ask the gentleman from Arizona (Mr. STEIGER)?

Mr. UDALL. Mr. Chairman, we have to go to conference on this. If there is any difficulty with the language, we can iron it out.

Mr. WIRTH. The gentleman from Arizona (Mr. STEIGER) is concerned about it, is he not?

Mr. STEIGER of Arizona. The way it reads, there is going to be a lot of litigation.

Mr. WIRTH. I do not think there is any problem of litigation if the gentleman reads the record.

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

Mr. WIRTH. I yield to the gentleman from Iowa.

Mr. BLOUIN. As the sentence starts out, it talks about strip mining and not whether it is a surface mining operation. I do not know how it could be any clearer.

Mr. WIRTH. Those are my sentiments exactly.

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

Mr. Chairman, during the markup of this legislation we made some very definite determinations as to where mining would be permitted and where that mining would not be permitted. We did preclude mining within the boundaries of the units of the national park system and other specified units of Government-owned land.

However, we are expanding that prohibition very severely, very sharply, when we say one cannot mine on privately owned land that might or, in fact, does adversely affect these units of public ownership. When we say "adversely affect," we are right back in court.

Any individual who wants to mine in the general vicinity or near any units outlined on page 294 is subject to suit, litigation, and harassment on the grounds that that mining might in some way adversely affect the utilization of these Government lands.

When we say "adversely affect," it seems to me that we are developing very much a judgmental view. As a result, the final determination of "adversely affect" will in almost every instance wind up in court. As I recall, the individuals who marked up that bill were of a very firm mind as to where mining should and should not be permitted. To say that we will not permit mining now on any private land that might in some way adversely affect any of these units outlined, it seems to me, goes far beyond what we intended in the committee.

Beyond that, it is an invasion of private rights.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Is that not what the committee is trying to protect, to protect the National Park System, the National Wildlife Refuges System, the National Wilderness Preservation System and so forth? All this does is say that when strip mining adversely affects these areas that we are trying to protect. All this amendment does is to underline the protection of these areas by making it impossible for adjacent strip mining to adversely affect these areas.

Mr. RUPPE. How does one adversely affect? He may have to pass the mined areas. He may have to look at it. How do we get down to "adversely affect"? Will that not, in almost every instance, be a court determination, and should that provision in this legislation lead to endless lawsuits and legal harassment?

Mr. HECHLER of West Virginia. I would say to the gentleman from Michigan that he is really splitting hairs if he says he wants to protect these areas and then does not want to protect them from being adversely affected. That is a very silly distinction which is meaningless.

Mr. RUPPE. We do protect the areas. We protect the national forest lands. We protect all of the other areas outlined. But to say to an individual, "You cannot mine on your property because in some way it might adversely affect the utilization of these Government lands," it seems to me would be a taking and an outrageous invasion of private rights.

Mr. HAYES of Indiana. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from Indiana.

Mr. HAYES of Indiana. Mr. Chairman, I might say, in terms of the question the gentleman asked about endless lawsuits, that in 1966 this body passed the Historic Preservation Act, and the language there states that the President's Advisory Council, for example, on historic preservation, shall make a report to the agency on whether or not there is an adverse effect.

The Federal Register sets out four points of view on how to determine adverse effect, and that includes things that are specifically detracting from the history of the unit that you are trying to protect. These do exist in the National Register, and they can transpose these over. The gentleman will also find that there are two lawsuits on this viewpoint since 1966.

I think very clearly that the intent of this legislation through the record that has been made does exist, and therefore I do not think the gentleman should fear endless litigation. In fact, all we are doing is protecting the national assets, such as our park assets, from the encroachment of strip mining that we know about, and it probably will not affect a very large portion of it at all.

Mr. RUPPE. Is the gentleman saying that those same standards would be applied, all the four standards?

Mr. HAYES of Indiana. Yes. I think the same as it is with the history of other agencies, in setting forth those standards, the Department of the Interior would handle it in that way, I think we can assume they would also deal with this in the very same way. It makes administrative law sense to do it in that fashion. I believe that any accord will require that the standard be applied in the very same manner it has been.

Mr. RUPPE. In other words, the gentleman believes we can leave it up to the Department of the Interior to set it up.

Mr. HAYES of Indiana. I believe that

that kind of a delegation is a meaningful delegation of authority. We certainly cannot expect that we will burden the record by setting forth all of the rules and regulations, we have never done so. We could, of course, for some purposes, but I think in large measure this makes good legal sense to allow them to go ahead. These things would certainly be open to review.

The CHAIRMAN. The time of the gentleman has expired.

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

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

Mr. RUPPE. I yield to the gentleman.

Mr. FLOWERS. Mr. Chairman, I think the gentleman has made a good point. If the spirit of this legislation is to insure that there will be no adverse effects from the strip mining or surface mining, and this seems to be what we are trying to do here, it is not necessary to seek to do this by the offering of an amendment such as this, if it is redundant. At least the gentleman makes a good point, and I agree that the amendment is not necessary if it is redundant, if it goes beyond and does attempt to further restrict this. I question why the committee did not bring this to the House in the bill.

Mr. RUPPE. I thank the gentleman for his remarks. I simply wish to reiterate that I believe it will lead to endless litigation, and the delay will be, I think, extensive.

Mr. FLOWERS. I think the gentleman's concerns are justified.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. WIRTH).

The question was taken; and on a division (demanded by Mr. WIRTH) there were—ayes 24, noes 25.

Mr. WIRTH. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Are there further amendments?

AMENDMENT OFFERED BY MR. STEIGER OF ARIZONA

Mr. STEIGER of Arizona. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEIGER of Arizona: Strike all of section 529, consisting of lines 1 through 24, and lines 1 through 3 on page 306.

Mr. SYMMS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Ninety-one Members are present, not a quorum.

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

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

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

The Committee will resume its business.

The gentleman from Arizona is recognized for 5 minutes.

Mr. STEIGER of Arizona. Mr. Chairman and fellow protectors of the fragile ecology, I want to call to the attention of the Members page 305 of the bill. On page 305 of this bill there is a fairly remarkable section, section 529.

In my relatively brief sojourn here in the House I have seen a great many legislative feats of legerdemain, but this is one of the best ones.

Section 529 rather remarkably exempts anthracite from the provisions of this bill. There are other exemptions in this bill for other particular situations. There are exemptions for particular specific mining operations. There are exemptions for some geographic areas. All of these exemptions came about in the full light of day in the committee operation after, of course, much heated discussion and much heated explanation.

That is what makes the anthracite exemption so remarkable, because it was apparently conceived in the dark of night somewhere. It was clearly arrived at as a quid pro quo for the support of the Pennsylvania delegation—which is not unheard of in these Halls—but the fact is that it owes its presence to no logic and no reason other than the muscle of the corporation involved and the union involved.

Anthracite as a surface-mined product of the earth is very limited in amount. In fact, there is something like 600,000 tons of anthracite mined on an annual basis from surface-mined operations, possibly 650,000 tons. Some 550,000 to 600,000 of these tons of anthracite are mined on three properties in Pennsylvania, and those three properties are owned by the Bethlehem Steel Co. These properties were not acquired by the Bethlehem Steel Co. until 2 or 3 days following the inclusion of this exemption in the conference committee report between the House and the Senate in their production of their version of this bill.

There was not 1 minute of discussion heard in a committee on either the House side or the Senate side, and there was not 1 minute's discussion on the floor.

The fact is that the first explanation as to why this exemption is in the bill came in a letter from our very able colleague, the gentleman whose sartorial splendor is matched only by the keenness of his wit, the gentleman from Pennsylvania (Mr. FLOOD), who advised us in a "dear colleague" letter last week that this exemption came to be as a result of the unique geological and geographical qualities of anthracite.

While I submit that those unique geologic and geographic results are none other than the gentleman from Pennsylvania (Mr. FLOOD) himself, because the rest of the country is not represented so ably, apparently. If, indeed, the protections and regulations that are inherent in this bill are too onerous for anthracite, then I submit they are far too onerous for the rest of the country, because the only difference between anthracite and bituminous or lignite is that anthracite is represented by the gentleman from Pennsylvania (Mr. FLOOD).

Now, the Senate knocked this exemption out without a whisper of complaint, not one syllable, because they knew it was indefensible. We have some figures here that demonstrate that this bill will add to the cost of the average electrical utility bill at the rate of some 11½ percent before we compute the loss of production. That, say the anthracite people, is why anthracite should be exempted, because 45 percent of the folks in that area burn the coal that is mined in that area in both their homes and that produce electrical energy.

I submit that that same increase applies to all the coal across the country.

I sympathize with the good folks in Pennsylvania who do not want to bear the additional unnecessary burden, who do not want to have their electric bills increase to a point they cannot afford, who do not want surface mines shut down so they lose jobs. I agree with that, but I have to confess that if it is too burdensome, if the burdens of this bill are too much for anthracite, then they are too burdensome for the entire country.

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

(At the request of Mr. SYMMS and by unanimous consent, Mr. STEIGER of Arizona was allowed to proceed for an additional 4 minutes.)

Mr. STEIGER of Arizona. Mr. Chairman, this really is a very, very basic confrontation here that we have. It is a basic confrontation, not only between logic, reason and reality, and the legislative process, which is a frequent one, but this is a confrontation between the political muscle of a single company, Bethlehem Steel, a single union, the United Mine Workers, and their ability to convince a sufficient number of their constituency that is a justifiable part of the bill, when indeed, it is not. There is simply no defense of this section in logic or reason.

It occurs to me that even absent the entire Pennsylvania delegation's support for this bill, it is still going to pass; so there is no need to embarrass the House with the burden of trying to justify this section.

My friends, the logic is irrefutable, that if, indeed, the bill is too onerous for anthracite, it is, indeed, too onerous for the rest of the country. I happen to believe that it is too onerous for the rest of the country, but the fact is that I have been unable to convince the House that it is too onerous for the rest of the country. I am sure that anthracite is going to be exempt by the rest of this bill and they have said the rest of the country must endure this.

Those political muscular folks who have been able to justify this language in the bill here also in terms of the Bethlehem Steel Co., the only ones to go to the President, the only company to go to the President, asked that he not veto the

last bill. I am sure if this provision is in this time again, they will also continue that urging.

I will tell this House that the presence of this language in the bill ought to be an embarrassment to the whole House and it should be very difficult to embarrass this House.

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

Mr. Chairman, I hardly qualify as one of those robust fellows at this point, but I do not stand here with any sense of guilt or that I am in anyway doing anything that I would not be proud to do on the basis of the facts and the logic.

Back when we were in our heyday in the six counties in Pennsylvania that produce anthracite coal, we were producing at that time 145 million tons of coal a year. Outside of the six anthracite counties in Pennsylvania, there is only one area in the world that has true anthracite, and it is about 75 percent of the purity of our anthracite.

Because of the shipment of oil to the United States and using bunker oil as a ballast, there was a strike in 1926. The oil people realized somehow that they could use this bunker oil as a fuel. So, that strike destroyed the anthracite area of Pennsylvania.

It is the longest history in personal depression, community depression, in the entire United States of America. It moved to a point where something like 70 percent of the men in the area were doing the housework and tending to the homes and the women were out working in a group of small, little hosiery mills and some shirt factories that were brought in by community action.

The production in that area today is sufficient for 3,000 miners, who are carrying on their backs 15,000 retired anthracite miners receiving $30 a month. Added to their social security and something from the welfare fund of the United Mineworkers, this group has stayed away from public welfare as a matter of pride, and not because they did not have the need.

In determining the basis of participation in the pension reform legislation, the magnificant gesture by the multiemployers and the multiemployer unions decided to vote their funds that they are contributing 6 months ahead of the time that they participate in the pension fund's trust fund to make it possible for the anthracite miners' trust fund to come under the trust fund at the same time as the single employers did.

This has been a region of personal and community sacrifice since 1926. I served for 22½ years in the State Senate, and as a floor leader for 18½ years. I went through the battles of the bootleggers; I went through the battles where there was not one legitimate coal operation in the entire anthracite region, and bands of former miners would go out into the coal properties and dig a rathole, and many of them died trying to eke out a living. They even confiscated collieries so that they could break down the coal, which is of an entirely different character than bituminous coal. It is something so far apart from bituminous that perhaps it ought not to be known as coal. It is a mineral completely different from coal as we know coal to be.

What are we talking about? We are talking about an area that was devastated long before most of the Members of this Congress were born, and we have been able, through the laws of the State of Pennsylvania on reclamation and mine stripping, to put together the money from the bituminous fields and in a different piece of legislation altogether for anthracite, which was completely ignored until this committee realized its responsibility to this area and exempted it from the anthracite.

What are we exempting? We are exempting from this bill the absolute positive death of the little economy that we have left in that area today in coal. It is without doubt the most magnificent fuel. It is almost 100 percent carbon.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. OTTINGER, and by unanimous consent, Mr. DENT, was allowed to proceed for 4 additional minutes.)

Mr. DENT. I thank the gentleman.

Its only other use we have been able to find for it—and that is a very minute amount of coal—is for the purification of water. In its original state, it is one of the greatest purifiers of water there is in the country. But one cannot make a living in this region. It is a very high-cost operation. I do not have the time to explain, but I will give the Members just a little 30-second, rapid difference of what bituminous coal is and what anthracite coal is.

Bituminous coal is a coal that develops in the earth on a horizontal plane. It will have a slope to it of a few degrees, and sometimes it will go the other direction, downhill, but very few degrees. In the anthracite it is a vertical slope.

The city of Scranton, Pa., had a 90-foot thick vein of coal, 90 feet at the surface, and down 4,000-some hundred feet, up straight, absolutely vertical, and then it went on a slight horizontal plane and came up the other side of the city of Scranton.

It is a different coal. You go down and you pick it out. You set a small gage walk along the way, and you pick the coal down. It does not lend itself to the modern machinery, because of the nature. You could not stand a cavern 4,000 feet deep, 90 feet wide, without creating the greatest hazard and without creating the greatest blemish on the Earth as you have ever seen in your life.

They managed to eke out a living, a very bad living, but they eked it out. It is the only community in the entire State of Pennsylvania which had to pass an exceptional, extraordinary educational piece of legislation where taxes were taken from the rest of the State to keep the schools open.

Now you say to me that this is unconscionable, that we should even have this legislative enactment containing this exemption.

I do not come from the anthracite region but I had its problems in the State legislature for a great part of my lifetime, and I know it, I think, as well as most men and women who lived in the anthracite region.

In this community of ours, the Congress of the United States, there are 18 or 20 Members who grew up and were born in the anthracite region, and they left there. We have a Member from New Jersey who grew up in that anthracite region and could not make a living there and moved to New Jersey. We have two or three from Pennsylvania. We have many Members of this Congress who, in their early youth, or later, when they finished high school, had to move because there was no opportunity there.

Considering 10 cents a ton you get from deep mining and considering the entire amcunt you get from strip mining, we have to strip 350 to 400 feet deep in layers, the same as you do for iron ore, to come out with 61½ or 7 feet of coal.

I have visited strip mines out West that had 75 feet of overburden and 75 feet of coal. Can we compare the two? We cannot.

But let us not kill this region for this reason. If we count all stripped coal—and it is not all stripped coal—the entire amount that we collect would be $600,000, and we are spending more than that out of what they are doing up there now to rehabilitate the old gob piles and correcting all of the damage that has been done long before this generation had anything to do with it.

Mr. Chairman, I beg of the Members to give consideration to a community that needs it from this Congress.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. DENT) has expired.

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

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

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

Mr. SEIBERLING. Mr. Chairman, may I ask the gentleman this: Is it not true that Pennsylvania is the only State in the Union where anthracite coal is being mined?

Mr. DENT. The gentleman is correct. Pennsylvania is the only State in the Union that has any.

Mr. SEIBERLING. So that there is no necessity for a national strip mining bill with respect to anthracite coal, because it is all within Pennsylvania and Pennsylvania is handling it with its existing legislation.

Mr. DENT. Mr. Chairman, the mining is so different that we in Pennsylvania had to have a separate law for mining, a separate law for inspection, and a separate law for the mine dust levels that we created, as contrasted to the mining of bituminous coal.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for yielding.

I rather like the line of questioning by the gentleman from Ohio (Mr. SEIBERLING).

I would like to ask this question: Is there any bituminous surface mining in Pennsylvania?

Mr. DENT. There certainly is.

Mr. STEIGER of Arizona. Mr. Chairman, in view of the excellence of the Pennsylvania law and in view of the position of the gentleman from Ohio on anthracite, it would seem more logical that we also exempt the Pennsylvania bituminous surface mines.

Mr. DENT. May I make this suggestion to the gentleman——

Mr. STEIGER of Arizona. I welcome any suggestion.

Mr. DENT. The Pennsylvania law is a good one; is that right?

Mr. STEIGER of Arizona. That is correct.

Mr. DENT. Mr. Chairman, I might suggest that this House in its wisdom could adopt the Pennsylvania bill in its entirety. After 19 years of hit and miss to get legislation, which I first introduced that many years ago, we finally got a good law. If we could adopt that law, we would not be in the tangle we are in now.

But we did not have the problem that this committee had. We did not have the problem of interference in other matters supervised by other departments of Government.

Mr. Chairman, I will say to the members of this committee that I have fought all along the line for this, and I believe we have come out with a Solomon-wise proposal that we ought to buy.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. DENT) has expired.

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

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I will ask the gentleman this: Does the Pennsylvania law exempt anthracite from its provisions?

Mr. DENT. It certainly does. They have their own law, which has nothing to do with the bituminous coal law.

Mr. STEIGER of Arizona. Pennsylvania has no law which deals with anthracite reclamation?

Mr. DENT. Yes, because it is the only State that knows how to handle it. We would be glad to tie the Pennsylvania law into the Federal law, because it would only affect our State and we can live with it.

Mr. STEIGER of Arizona. Mr. Chairman, in response to what the gentleman has said, if the gentleman will yield further, I will ask another question.

Pennsylvania has regulations to deal with anthracite?

Mr. DENT. The gentleman is correct.

Mr. STEIGER. Yet the gentleman is asking for a Federal law to exempt the anthracite regulations, because of the existence of part of the Pennsylvania law?

Mr. DENT. No, the gentleman is wrong. We are saying that if Pennsylvania does not enforce its law, then it becomes the duty of the Federal Government to enforce the State law.

How much further could we go?

Mr. STEIGER of Arizona. Let us do that nationally, then.

Does the gentleman recommend that we do that nationally with all coal?

Mr. DENT. Mr. Chairman, if States have laws that meet the maximum requirements and go beyond the Federal laws, I think those States will apply their laws, because they already meet national standards.

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for his support of my position.

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

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

Mr. SEIBERLING. Mr. Chairman, the point raised by the gentleman from Arizona really gets to the heart of this bill. If every State had laws comparable to those of Pennsylvania, there would not be any need for this legislation.

But if Pennsylvania is going to do a good job of controlling strip mining and some other States are not, then the Pennsylvania mines are put in an unfair competitive disadvantage by the fact that other States are not imposing similar requirements on their strip mine operations. That is why we need minimum Federal standards which all States must meet, but may exceed.

Mr. DENT. Mr. Chairman, I think the gentleman is right.

Mrs. MINK. Mr. Chairman, I rise in opposition to the amendment.

I do so in order to clarify a number of points which I believe have been misrepresented by the sponsor of this amendment.

The gentleman would have us believe that in the consideration of this legislation the committee gave no particular attention to special problems that exist with respect to coal mining in other parts of the country, and that, for some reason, we put on our blinders and paid special heed only to the particular problems in the anthracite region in Pennsylvania.

As a matter of fact, if the Members would look at the bill, they will see that the immediately preceding section to the one we have under consideration, section 527, is entitled "Special Bituminous Coal Mines."

This particular section sets forth special performance standards, special exemptions, special handling, special consideration for the Kemmerer mine which exists in the State of Wyoming. We made this exemption, because of the geographic considerations, again, which were argued by those who were familiar with the mining operation, who brought evidence to the committee that the condition of the seams in this particular location made it necessary to mine in huge pits and, therefore, the regular standards that we were stipulating would not apply. Consequently, we set forth a whole new exemption for that particular mining operation.

We also exempted Alaska on the same or similar grounds, but perhaps based more on the fact that we did not really understand the geology of that State, and there were many problems that could not be anticipated. Therefore, rather than imposing these standards on Alaska, we went along and said, "All right; let us go for the study." We decided that after this study we would then decide what indeed the performance standards should be.

In the case of anthracite, we were simply dealing with the long history of mining in Pennsylvania, that these areas have been mined before and are situated in narrowly limited areas of Pennsylvania, that they have unique problems, not only geographic in nature, but also because of drainage resulting from the great bulk of these deposits occurring in the river basins of the Susquehanna and Lackawanna Rivers.

Therefore, Mr. Chairman, it seems to me that instead of again sitting down and writing an entirely new section which would be called "Anthracite Mining," and attempting to rewrite the standards we knew were in existence in Pennsylvania, we very carefully allowed the exemption only with respect to interim standards and performance standards and said that these would be the standards in existence at the time of the writing of this bill.

We also provided that if the legislature amended the State law, this section would be rendered null and void, because we wanted to limit it strictly to what we knew existed at the time we wrote this exemption.

All of the sections of the bill with respect to citizen suits, with regard to the enforcement of the statutes of Pennsylvania are carefully retained under this legislation. It seems to us that this was a reasonable approach. It was never in the minds of any who helped to write this bill, particularly myself as the chief author of this section, that our views were affected one iota by the sale of any property in Pennsylvania. If the Members will look at the record, they will see that the negotiations for this so-called sale began in 1972 and which incidentally only covers a very small fraction of the total anthracite mines in Pennsylvania. The enactment of the exemption in this provision had nothing whatsoever to do with the culmination of these transactions by Bethlehem Steel. Anthracite furthermore is only about 5 percent of the total coal production of the State of Pennsylvania.

All other coal mining activities in Pennsylvania to wit, bituminous coal falls within all the provisions of H.R. 25. It seems to me that the committee bill is reasonable and justified by the facts and that the House should go along with this special consideration for anthracite, just as we voted for the bituminous open-pit exemption for Wyoming and for the Alaska exemption. We are only saying that past regulatory experience in Pennsylvania indicates that this exemption is worthwhile, because the State of Pennsylvania has demonstrated its willingness to have Federal enforcement provisions apply. It seems to me reasonable

for us to go along with this kind of arrangement; State standards with Federal enforcement.

Mr. UDALL. Mr. Chairman, will the gentlewoman from Hawaii yield?

Mrs. MINK. I yield to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I want to heartily endorse every word the gentlewoman from Hawaii (Mrs. MINK) has just said.

This is a sound section. It is based on special consideration. She drafted it in careful consultation with the Pennsylvania people. The Governor of that State endorsed it. Other groups have endorsed it, and it ought to be retained.

The idea has been kicked around here and in committee that there is Mafia money, that there is some skulduggery afoot, something devious has gone on in connection with the acquisition by Bethlehem Steel of a small portion of the anthracite area.

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

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

Mr. UDALL. Mr. Chairman, I intend to ask the General Accounting Office to check out all of these allegations so we will be absolutely sure that there is nothing to them and we will then have a basis for final action on this bill.

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

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Arizona (Mr. STEIGER). As a member of the Committee on Interior and Insular Affairs, and the Subcommittee on Mines and Mining, and as one of the individuals who listened to literally hundreds and thousands of hours of testimony, I suppose, in and out of Congress on this bill, and also as a member of the conference committee that discussed this bill for some 67 hours last year, may I say that never in the process of those discussions other than in the conference committee was this subject ever brought up.

The gentlewoman from Hawaii (Mrs. MINK) is entirely correct that we spoke about the exemptions, especially for bituminous coal and for Kemmerer Mine, and for Alaska, and we spent hours in the full light of day discussing them, but we never discussed this amendment.

Let me say at the outset——

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

Mr. KETCHUM. No. Not at this time.

Mr. Chairman, let me say at the outset that I have no criticism whatsoever of the Pennsylvania delegation. They are doing that which they should do, and what I would do, I am sure, if I came from Pennsylvania, but the fact is that it is still coal, and it is still being stripped. We are granting them in this bill an exemption that does not apply to any other strippable coal. There is simply no moral way that one can justify this provision of the bill.

Anthracite coal stands horizontally and vertically, and so does bituminous coal. I do not remember anywhere in the discussions, even on the part of my somewhat vitriolic friend, the gentleman from Arizona (Mr. STEIGER) in his discussions, anywhere where the Mafia was ever mentioned, Bethlehem Steel, to be sure, and I wonder about that myself.

But, simply stated, there is no moral way that one can exempt anthracite from this bill. I repeat, it is coal, and it is stripped.

I yield back the balance of my time.

Mr. UDALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

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

There was no objection.

The CHAIRMAN. The Members who were standing at the time the unanimous-consent request was made will be recognized for 1¼ minutes each.

The Chair recognizes the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Chairman, the only thing that disturbs me about this amendment is its sponsor. I feel very uncomfortable in this situation. That is, I strongly support the position of the gentleman from Pennsylvania (Mr. FLOOD) on 99.9 percent of the issues that come before this House. I respect his integrity, support his philosophy, and team up with him on virtually every issue before this House.

I would just like to observe that possibly by coincidence, or sheer happenstance, the gentleman from Arizona (Mr. STEIGER) may have just by pure luck hit upon an amendment that is morally justified in this instance.

I would observe, Mr. Chairman, that since 1971 I have read every word of the testimony before all of the committees of the House and Senate, and there is not one single word of evidence or bit of testimony in support of this amendment, or even opposed to it, for that matter. The subject has simply never been raised in any testimony. There was no debate upon it when it was adopted on the floor last year, according to the RECORD of that day; it was just brought up suddenly, and adopted immediately, without any debate. I cite page 25225 of the CONGRESSIONAL RECORD of 1974 during our July debate on this legislation. It seems to me there is only one reason for this provision in this section: it was put in the bill to win over the votes of the Pennsylvania delegation in support of this bill.

Again I commend the gentleman from Pennsylvania for his energy and efforts, but I urge support for the amendment striking this inequitable section of the pending legislation.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SYMMS yielded his time to Mr. HECHLER of West Virginia.)

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

Mr. HECHLER of West Virginia. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

I appreciate the position the gentleman is taking. I think we could properly name this the anthracite amnesty amendment to the coal bill.

Mr. HECHLER of West Virginia. I thank my friend from Idaho. I would suggest, Mr. Chairman, that under the State program procedure provided in this legislation, Pennsylvania can come in with a State program which does exactly what is attempted by the Pennsylvania delegation. Why do we have to write into the legislation an exemption to the anthracite industry? Why do we have to write into the legislation an exemption from the performance standards of sections 515 and 516?

I strongly urge that this amendment be adopted, even though it is offered by the gentleman from Arizona (Mr. STEIGER), with whom I strongly disagree on nearly every issue.

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. My admiration for the bill and my respect for the chairman of the committee make it hard for me to join in anything that might seem an attack on the bill, but I should like to ask two questions. What is the difference between the Pennsylvania regulations and the Federal regulations which makes the Federal regulations so particularly onerous and heavy as to risk destroying the surface anthracite mining in Pennsylvania?

Mrs. MINK. If the gentlewoman would yield, the specific reason for a different standard being imposed in this instance is because of the different geologic formation and unique location of these anthracite deposits.

Mrs. FENWICK. I did not ask a reason. I said, What is the difference between the two regulations, and why would the Federal regulation be so particularly onerous to Pennsylvania?

Mrs. MINK. If the gentlewoman would yield further, I would like to ask the gentleman from Pennsylvania to answer.

Mr. FLOOD. If the gentlewoman would yield, I am glad to say it is simply necessary. It is an entirely different kind of operation. It is an entirely different kind of stripping. It is an entirely different kind of mining.

Mrs. FENWICK. That is not the question I asked.

The CHAIRMAN. The time of the gentlewoman has expired.

(By unanimous consent, Mr. STEIGER of Arizona yielded his time to Mrs. FENWICK).

Mrs. FENWICK. I thank the gentleman for yielding.

The question I am asking is, Why would this kill Pennsylvania anthracite? Why is it so heavy for Pennsylvania anthracite? What is the geological defense?

Mr. FLOOD. If the gentlewoman will yield further, I thought the gentlewoman from Hawaii made it pretty clear, indeed. What is the difference? It is entirely geological, because when we strip mine soft coal, we are taking

the whole side of the mountain. If we were going to do a stripping job in Pennsylvania, we have to do it differently. You do it exactly now by going down, down, down. You do not go up through a valley. You do not destroy the countryside. You do not destroy the farms or the fields. All you can do is exactly what you are doing in exactly the same place, and then you do not rape the countryside.

Mrs. FENWICK. The Federal law does not stop you from going down, down, down.

Mr. FLOOD. It is not how far we want to go.

Mrs. FENWICK. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. CARNEY).

(By unanimous consent, Mr. CARNEY yielded his time to Mr. FLOOD).

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. FLOOD).

Mr. FLOOD. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to this amendment.

My name is FLOOD. I am from Pennsylvania. We mine coal there—anthracite. Not bituminous—anthracite. That is hard coal. Anthracite is mined in eight counties in north-central Pennsylvania. You do not find it in Illinois. You do not find it in California. You do not find it in Alabama. And you are not going to believe this, you do not find it in Arizona either. There you are, eight counties in north-central Pennsylvania, and we have got anthracite. Nobody else.

We are different—not by choice, but there it is. We have got heavy pitching veins and multiple veins which you do not find in the soft coal areas. We have got a very heavy rock overburden. We have been mining up there for years and years—this is not virgin land, we are on already deep mined land. We are just stripping previously strip mined areas. We just go a little deeper and remove coal you could not get a few years ago.

Pennsylvania regulates the mining and reclamation of coal with the strongest and toughest strip mine control laws in the country. The State people know what I am telling you now—they know what anthracite coal is—that it is not bituminous. And in that Pennsylvania law there are separate and distinct regulations for the control of anthracite strip mining. Separate and distinct. Because they are different.

Governor Shapp has sent each of you a telegram telling you this is so—that he personally endorses this section of the bill. Pennsylvania people know about anthracite and passed a law which controls its mining. The anthracite section of the bill before the House is in the bill not because of DAN FLOOD, or Bethlehem Steel, but because this bill is patterned in many ways after the very successful Pennsylvania law. And that law calls for and recognizes the separate and distinct nature of anthracite from bituminous.

Now I do not blame people who do not understand this difference. For years in Washington, when you say the word "coal" that means bituminous. And well it should—99.2 percent of all coal mined in the country is bituminous. They cannot even spell "anthracite" in Washington. But if you do not recognize the difference you end up with problems.

Let me tell you. I cosponsored the Federal Coal Mine Health and Safety Act.

That was in 1969. The regulations in that bill were written for bituminous coal. That was great for bituminous mines, but in the anthracite region, the regulations just did not fit. It took 5 years, but in 1974 the Interior Department set up a special anthracite task force to work out the mess. Now they have separate regulations for anthracite.

One further point. You have heard the word "exemption" used with regard to anthracite. This word "exemption" is a great word, but it just is not the truth. Sure, the anthracite industry would like an exemption from this bill, but they are not going to get one.

All that the anthracite section does is say that for those particular characteristics of anthracite which make its mining operations different than bituminous, the strict Pennsylvania law shall apply because that law recognizes and compensates for the differences in the two types of coal. That is all. We are not exempt. We are not exempt from strict reclamation standards. We are not exempt from Federal enforcement. We are not exempt from paying into the reclamation fund. We are not exempt from public participation and citizens' suits. The list goes on. And if, at any time, the Pennsylvania law is weakened, the full force of Federal regulation would apply.

There is, in truth, no exemption here. I oppose this amendment and urge my colleagues to do the same.

The CHAIRMAN. The Chair recognizes the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK. Mr. Chairman, I simply wanted to clarify the RECORD. The gentleman from California made a statement that this amendment with regard to anthracite was not debated by the committee before it was considered on the floor of the House. He cited the fact that all the other amendments which he described were discussed by the committee. The RECORD should be clear that the Alaska amendment was added on the floor and this was not considered by the committee before its consideration here. So in both situations, in the Alaska and the anthracite situations, both were developed after the committee bill had been reported. So it seems to me all three situations should be taken into balance. There are features with respect to anthracite mining which cannot come under the literal provisions of H.R. 25 and it is in fact very similar to the Kemmerer Mine situation where we have to deal with large open pits. H.R. 25's requirements cannot be met in these special instances and therefore we were forced to write a special section for both these areas. The committee takes the open pit Kemmerer Mine and the anthracite mine and taking them together provided exceptions for both.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona (Mr. UDALL), to close the debate.

Mr. UDALL. Mr. Chairman, there are two reasons why we should defeat this amendment and keep section 529 in the bill. In the first place it is a sound piece of work and soundly crafted and drafted and a soundly balanced bit of legislation.

Second, it is only a partial exemption from the environmental standards of the bill—the other provisions of the act apply—the citizen suits, Federal enforcement, permit approval and denial criteria, and so on. The environmental standards in Pennsylvania law will apply and if the State weakens such standards then the environmental standards in the Federal bill will apply.

Mr. Chairman, I call for the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. STEIGER).

The question was taken; and on a division (demanded by Mr. STEIGER of Arizona) there were—ayes 40, noes 32.

RECORDED VOTE

Mr. UDALL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 170, noes 248, not voting 14, as follows:

[Roll No. 60]

AYES—170

Abdnor	Flowers	Mollohan
Abzug	Flynt	Montgomery
Ambro	Forsythe	Moore
Anderson, Ill.	Frenzel	Moorhead, Calif.
Andrews, N. Dak.	Frey	Mottl
Archer	Goldwater	Myers, Pa.
Armstrong	Goodling	O'Brien
Ashbrook	Gradison	O'Hara
Bafalis	Grassley	Patten
Bauman	Gude	Perkins
Beard, Tenn.	Guyer	Pike
Bowen	Hagedorn	Poage
Breaux	Hammer-schmidt	Pressler
Brinkley	Hansen	Pritchard
Brodhead	Hastings	Quie
Broomfield	Hechler, W. Va.	Quillen
Brown, Calif.	Hicks	Regula
Brown, Mich.	Hillis	Reuss
Brown, Ohio	Hinshaw	Rhodes
Broyhill	Holland	Roberts
Buchanan	Holt	Robinson
Burke, Fla.	Holtzman	Rousselot
Burleson, Tex.	Hubbard	Ruppe
Butler	Hutchinson	Sarasin
Carter	Hyde	Satterfield
Cederberg	Ichord	Schroeder
Clancy	Jarman	Sebelius
Clausen, Don H.	Jeffords	Sharp
Clawson, Del	Johnson, Colo.	Shriver
Cochran	Jones, Tenn.	Slack
Cohen	Kasten	Smith, Nebr.
Collins, Tex.	Kelly	Snyder
Conlan	Kemp	Solarz
Conte	Ketchum	Spence
Crane	Kindness	Stanton, J. William
Daniel, Dan	Koch	Steelman
Daniel, Robert W., Jr.	Krueger	Steiger, Ariz.
Derwinski	Lagomarsino	Steiger, Wis.
Devine	Lent	Stephens
Dickinson	Lott	Stuckey
Downey	Lujan	Studds
Downing	McClory	Symms
Duncan, Tenn.	McCollister	Talcott
du Pont	McDonald	Taylor, Mo.
Early	McKinney	Thone
Edwards, Ala.	Madigan	Treen
Emery	Maguire	Vander Jagt
Erlenborn	Mann	Vander Veen
Esch	Martin	Vanik
Evans, Colo.	Mathis	Waggonner
Fenwick	Michel	Wampler
Findley	Milford	Whalen
Fithian	Miller, Ohio	Whitehurst
	Mitchell, N.Y.	Whitten
	Moffett	

Winn	Wydler	Young, Fla.
Wirth	Wylie	Young, Tex.
Wright	Young, Alaska	

NOES—248

Adams	Giaimo	Neal
Addabbo	Gibbons	Nedzi
Anderson, Calif.	Gilman	Nichols
	Ginn	Nix
Andrews, N.C.	Gonzalez	Nolan
Annunzio	Green	Nowak
Ashley	Haley	Oberstar
Aspin	Hall	Obey
AuCoin	Hamilton	O'Neill
Badillo	Hanley	Ottinger
Baldus	Hannaford	Passman
Barrett	Harkin	Patman
Baucus	Harrington	Patterson, Calif.
Beard, R.I.	Harris	Pattison, N.Y.
Bedell	Harsha	Pepper
Bell	Hayes, Ind.	Peyser
Bennett	Hays, Ohio	Pickle
Bergland	Heckler, Mass.	Preyer
Bevill	Hefner	Price
Biaggi	Heinz	Railsback
Biester	Helstoski	Randall
Bingham	Hightower	Rangel
Blanchard	Horton	Rees
Blouin	Howard	Richmond
Boggs	Howe	Riegle
Boland	Hughes	Rinaldo
Bolling	Hungate	Rodino
Bonker	Jacobs	Roe
Brademas	Jenrette	Rogers
Breckinridge	Johnson, Calif.	Roncalio
Brooks	Johnson, Pa.	Rooney
Burgener	Jones, Ala.	Rose
Burke, Calif.	Jones, N.C.	Rosenthal
Burke, Mass.	Jones, Okla.	Rostenkowski
Burlison, Mo.	Jordan	Roush
Burton, John L.	Karth	Roybal
Burton, Phillip	Kastenmeier	Runnels
Byron	Kazen	Russo
Carney	Keys	Ryan
Carr	Krebs	St Germain
Chappell	LaFalce	Santini
Chisholm	Landrum	Sarbanes
Clay	Latta	Scheuer
Cleveland	Leggett	Schneebeli
Conable	Lehman	Schulze
Conyers	Levitas	Seiberling
Corman	Litton	Shipley
Cornell	Lloyd, Calif.	Shuster
Cotter	Lloyd, Tenn.	Sikes
Coughlin	Long, La.	Simon
D'Amours	Long, Md.	Sisk
Daniels, Dominick V.	McCloskey	Smith, Iowa
	McCormack	Spellman
Danielson	McDade	Staggers
Davis	McEwen	Stanton, James V.
de la Garza	McFall	
Delaney	McHugh	Stark
Dellums	McKay	Steed
Dent	Macdonald	Stokes
Derrick	Madden	Stratton
Dingell	Mahon	Sullivan
Dodd	Matsunaga	Symington
Drinan	Mazzoli	Taylor, N.C.
Duncan, Oreg.	Meeds	Teague
Eckhardt	Melcher	Thompson
Edgar	Metcalfe	Thornton
Edwards, Calif.	Meyner	Traxler
Eilberg	Mezvinsky	Tsongas
English	Mikva	Udall
Eshleman	Miller, Calif.	Ullman
Evans, Ind.	Mineta	Van Deerlin
Fascell	Minish	Vigorito
Fish	Mink	Walsh
Fisher	Mitchell, Md.	Weaver
Flood	Moakley	White
Florio	Moorhead, Pa.	Wiggins
Foley	Morgan	Wilson, Bob
Ford, Mich.	Mosher	Wolff
Ford, Tenn.	Moss	Yates
Fountain	Murphy, Ill.	Yatron
Fraser	Murphy, N.Y.	Young, Ga.
Fulton	Murtha	Zablocki
Fuqua	Myers, Ind.	Zeferetti
Gaydos	Natcher	

NOT VOTING—14

Alexander	Hébert	Wilson, Charles H., Calif.
Casey	Henderson	
Collins, Ill.	Mills	
Diggs	Risenhoover	Wilson, Charles, Tex.
Evins, Tenn.	Skubitz	
Hawkins	Waxman	

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: Page 306, after line 3, insert:

TITLE VI.—INDIAN LANDS PROGRAM

GRANTS TO TRIBES

SEC. 601. (a) The Secretary is authorized to make annual grants directly to any Indian tribe that applies to the Secretary for a grant to develop and administer an Indian lands program for the purpose of enabling the tribe to realize benefits from the development of its coal resources while at the same time protecting the cultural values of the tribe and the physical environment of the reservation, including land, timber, agricultural activity, surface and ground waters, and air, by the establishment of exploration, mine operating and reclamation regulations.

(b) The distribution of funds under this Act shall achieve the purposes of the Act, recognize special jurisdictional status of Indian lands and allotted lands of such tribes and preserve the power of Indian tribes to approve or disapprove surface mining and reclamation operations.

(c) Indian lands programs developed by any Indian tribe shall meet all provisions of this Act and where any provision of any tribal code, ordinance, or regulation in effect upon the date of enactment of this Act or which may become effective thereafter, provides for environmental controls and regulations of surface coal mining and reclamation operations which are more stringent than the provisions of this Act or any regulation issued pursuant hereto, such tribal code, ordinance, or regulation shall not be construed to be inconsistent with this Act.

COAL LEASING

SEC. 602. The Secretary is directed to obtain written prior approval of the tribe before leasing coal under ownership of the tribe.

INDIAN LANDS ENVIRONMENTAL PROTECTION STANDARDS

SEC. 603. Not later than the end of the one-hundred-and eighty-day period immediately following the date of enactment of this Act, the Secretary shall promulgate and publish in the Federal Register regulations covering a permanent regulatory procedure for surface coal mining and reclamation operations setting mining and reclamation performance standards based on and incorporating the provisions of title V of this Act, and establishing procedures and requirements for preparation, submission, and approval of Indian lands programs and development and implementation of Federal programs under this title. Such regulations shall be promulgated and published under the guidelines of section 501 of this Act.

APPROVAL OF PROGRAM

SEC. 604. (a) Within twenty-four months after the receipt of funding under section 601(a) of this Act, but not less than thirty months after the date of enactment of this Act, a tribe which expresses to the Secretary an intent to develop and administer an Indian lands program, giving the tribe exclusive jurisdiction over the regulation of surface coal mining and reclamation operations on lands under its jurisdiction, except as provided in section 521 and title IV of this Act shall submit an Indian lands program which demonstrates that such tribe has the capability of carrying out the provisions of this Act.

(b) The Secretary shall approve or disapprove an Indian lands program, in whole or in part, within six full calendar months after the date such Indian lands program was submitted to him.

(c) If the Secretary disapproves an Indian lands program in whole or in part, he shall notify the tribe in writing of his decision and set forth in detail the reasons therefor. The tribe shall have sixty days in which to resubmit a revised Indian lands program, or portion thereof: The Secretary shall approve or disapprove the resubmitted Indian lands program or portion thereof within sixty days from the date of resubmission.

(d) For the purpose of this section and section 504 of this Act, the inability of an Indian tribe to take any action the purpose of which is to prepare, submit, or enforce an Indian lands program, or any portion thereof, because the action is enjoined by the issuance of an injunction by any court of competent jurisdiction shall not result in a loss of eligibility for financial assistance under titles IV and VII of this Act or in the imposition of a Federal program. Regulations of the surface coal mining and reclamation operations covered or to be covered by the Indian lands program subject to the injunction shall be conducted by the Indian tribe pursuant to section 502 of this Act, until such time as the injunction terminates or for one year, whichever is shorter, at which time the requirements of section 503 and 504 shall again be fully applicable.

(e) The Secretary shall not approve any Indian lands program submitted under this section until he has—

(1) solicited and publicly disclosed the views of the Administrator of the Environmental Protection Agency, the Secretary of Agriculture, and the heads of the other Federal agencies concerned with or having special expertise pertinent to the proposed Indian lands program;

(2) obtained the written concurrence of the Administrator of the Environmental Protection Agency with respect to those aspects of an Indian lands program which relate to air or water quality standards promulgated under the authority of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151–1175) and the Clean Air Act, as amended (42 U.S.C. 1857);

(3) held at least one public hearing on the Indian lands program for the enrolled members of the tribe on its reservation; and

(4) found that the Indian tribe has the legal authority and qualified personnel necessary for the enforcement of the environmental protection standards.

INITIAL REGULATORY PROCEDURES

SEC. 605. (a) No person shall open or develop any new or previously mined or abandoned site for surface coal mining and reclamation operations on Indian lands after the date of enactment of this Act unless such person is in compliance with existing Federal regulations governing surface coal mining on Indian lands.

(b) No later than one hundred and thirty-five days from the date of enactment of this Act, the Secretary shall implement a Federal enforcement program which shall remain in effect on those Indian lands on which there is surface coal mining and where the Indian tribe has expressed to the Secretary an intent to develop and administer an Indian lands program, until the Indian lands program has been approved pursuant to this Act or until a Federal program has been implemented pursuant to this Act. The enforcement program shall be carried out pursuant to the provisions of subsections 502(f)(1), 502(f)(2), 502(f)(3), 502(f)(4), and 502(f)(5).

(c) Following the final disapproval of an Indian lands program, and prior to promulgation of a Federal program pursuant to this Act, including judicial review of such a program, existing surface coal mining operations may continue surface mining operations pursuant to the provisions of section 502 of this Act.

FEDERAL PROGRAM

SEC. 606. (a) The Secretary shall prepare and, subject to the provisions of this section, promulgate and implement, pursuant to section 501 of this Act, a Federal program for an Indian tribe that expresses an intent to develop and administer an Indian lands program if such Indian tribe—

(1) fails to submit an Indian lands program covering surface mining and reclamation operations by the end of the thirty month period beginning on the date of enactment of this Act;

(2) fails to resubmit an acceptable Indian lands program within sixty days of disapproval of a proposed Indian lands program: Provided, That the Secretary shall not implement a Federal program prior to the expiration of the initial period allowed for submission of an Indian lands program as provided for in clause (1) of this subsection; or

(3) fails to implement, enforce, or maintain its approved Indian lands program as provided for in this Act.

If tribal compliance with clause (1) of this subsection requires an act of the tribal council or tribal legislature the Secretary may extend the period for submission of an Indian lands program up to an additional six months. Promulgation and implementation of a Federal program vests the Secretary with exclusive jurisdiction for the regulation and control of surface coal mining and reclamation operations taking place on lands within any tribal reservation or upon tribal lands not in compliance with this Act. After promulgation and implementation of a Federal program the Secretary shall be the regulatory authority. In promulgating and implementating a Federal program for a particular Indian tribe the Secretary shall take into consideration the nature of that Indian tribal reservation's terrain, climate, biological, chemical and other relevant physical conditions.

(b) Prior to promulgation and implementation of any proposed Federal program, the Secretary shall give adequate public notice and hold a public hearing for the enrolled members of the tribe in a location convenient to the tribe.

(c) Permits issued pursuant to an approved Indian lands program shall be valid but reviewable under a Federal program pursuant to section 504(d) of this Act.

(d) An Indian tribe which has failed to obtain the approval of an Indian lands program prior to implementation of a Federal program may submit an Indian lands program at any time after such implementation pursuant to section 504 of this Act. Until an Indian lands program is approved as provided under this section, the Federal program shall remain in effect and all actions taken by the Secretary pursuant to such Federal program, including the terms and conditions of any permit issued thereunder, shall remain in effect.

(e) Permits issued pursuant to the Federal program shall be valid but reviewable under the approved Indian lands program. The tribal regulatory authority may review such permits to determine that the requirements of this Act and the approved Indian lands program are not being violated. If the tribal regulatory authority determines any permit to have been granted contrary to the requirements of the Act or the approved Indian lands program, he shall so advise the permittee and provide him a reasonable opportunity for submission of a new application and reasonable time to conform ongoing surface mining and reclamation operations to the requirements of the Act or approved Indian lands program.

ADMINISTRATION BY THE SECRETARY

SEC. 607. (a) At any time, a tribe may select to have its program administered by the Secretary. Upon such a request by a tribe, the Secretary shall assume the responsibility for administering the tribe's Indian lands program for that reservation.

(b) Permits issued pursuant to an approved Indian lands program shall be valid but reviewable under a Federal program prepared pursuant to subsection 306(a) of this Act. Immediately following the promulgation of a Federal program, the Secretary shall undertake to review such permits to determine that the requirements of this Act are not being violated. If the Secretary determines that any permit has been granted contrary to the requirements of this Act he shall so advise the permittee and provide him a reasonable time to conform ongoing surface coal mining and reclamation operations to the requirements of the Federal program.

PERSONNEL

SEC. 608. (a) Indian tribes are authorized to use the funds authorized pursuant to section 601(a) of this title for the hiring of professional and technical personnel and, where appropriate, to allocate funds to legitimately recognized organizations of the tribe that are pursuing the objectives of this title, as well as hire special consultants, groups, or firms from the public and private sector, for the purpose of developing, establishing, or implementing an Indian lands program.

AUTHORIZATION PRIORITY

SEC. 609. Of the funds made available under section 714(a) of this Act, first priority on $2,000,000 for each of the fiscal years shall be for the purposes of this title.

REPORTS TO THE SECRETARY

SEC. 610. Any Indian tribe which is receiving or has received a grant pursuant to section 714(a) of this Act, shall report at the end of each fiscal year to the Secretary, in a manner prescribed by him, on activities undertaken by the tribe pursuant to or under this title.

ENFORCEMENT

SEC. 611. For the purpose of administering an Indian lands program under this Act, a tribe shall have jurisdictional authority including the ability to require compliance with said regulations over all persons whether Indian or non-Indian engaged in surface coal mining operations and that all disputes will be adjudicated in the appropriate tribal court forum until that remedy is exhausted and then the aggrieved party has the right to a trial de novo in Federal district court in the appropriate district.

INDIAN LANDS STUDY

SEC. 612. (a) The Secretary is directed to study the question of the regulation of surface coal mining on Indian lands which will achieve the purposes of this Act and recognize the special jurisdictional status of these lands. In carrying out this study the Secretary shall consult with the Indian tribes, and may contract or give grants to Indian tribes, qualified institutions, agencies, organizations, and persons. The study report shall include proposed legislation designed to assist Indian tribes to assume full regulatory authority over the administration and enforcement of regulation of surface coal mining on Indian lands.

(b) The report required by subsection (a) of this section together with draft proposed legislation and the view of each Indian tribe which would be affected shall be submitted to the Congress as soon as possible but not later than two years after the date of enactment of this Act.

(c) On and after one hundred and thirty-five days from the date of enactment of this Act, all surface coal mining operations on Indian lands wherein the tribe has not applied for a grant to develop and administer an Indian lands program pursuant to section 601 of this title, or has not selected to have its Indian lands program administered by the Secretary pursuant to section 607 of this title, shall comply with requirements at least as stringent as those imposed by subsections 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases for coal on Indian lands.

(d) On and after thirty months following the date of enactment of this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by sections 507, 508, 509, 510, 515, 516, 517, and 519 of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(e) With respect to leases issued after the date of enactment of this Act, the Secretary shall include and enforce terms and conditions in addition to those required by subsections (c) and (d) as may be requested by the Indian tribe in such leases.

(f) Any change required by subsections (c) and (d) of this section in the terms and conditions of any coal lease on Indian lands existing on the date of enactment of this Act, shall require the approval of the Secretary.

(g) The Secretary shall provide for adequate participation by the various Indian tribes affected in the study authorized in this section and not more than $700,000 of the funds authorized in section 714(a) of this Act shall be reserved for this purpose.

REPORTS TO CONGRESS

SEC. 613. The Secretary shall report annually to the President and the Congress on all actions taken in furtherance of this title and on the impacts of all other programs or services to or on behalf of Indians on the ability of Indian tribes to fulfill the requirements of this title.

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

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

There was no objection.

Mr. MELCHER. Mr. Chairman, this amendment provides a new title to the bill dealing with an Indian lands program. In the bill that was passed by the House last year we had such a title.

In conference the conferees opted to treat the subject on what to do with the reclamation of Indian lands if their lands were stripped for coal by having the Secretary of the Interior delegated to conduct studies on those Indian reservations where the Indian tribes asked for such a study to determine how strip mining would affect them and how to arrive at effective reclamation for their land on their reservations.

In doing so, we bumped out of the final conference bill the rather detailed Indian lands program that we have passed here in the House.

What I have done in this amendment is to offer a blending of the conference decision of having a study with those tribes that desire to have one conducted and supervised by the Secretary of the Interior on their own reservation, or they can develop an Indian lands program of their own. Briefly, this would allow them to adopt stronger standards than the minimum Federal standards set forth in the bill. It would treat them in the same way that we treat a State in the bill, where we say to the State, "You can meet these minimum Federal standards, and that is good enough; but if you want

to have stronger standards, you can also do that and run your own program."

What we say in the Indian lands program, if we adopt this amendment that I am offering, is that the Indian tribes that so elect to have stronger standards can have them, and we give them that privilege. If they do not want stronger standards, that is their privilege, too. The various Indian tribes can ask for the study or they can designate the Secretary of the Interior to supervise the Federal standards on any reclamation program involving coal strip mining on the reservations, or decide to have stronger standards to enforce on their reservations.

It is their land; Indian culture is tied close to their land, and my amendment recognizes their basic right to decide the fate of their own lands.

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

Mr. MELCHER. I yield to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I thank the gentleman for yielding.

How to handle the coal underlying Indian lands has been one of the most difficult problems we faced in the history of this legislation. The gentleman from Montana has given this a great deal of attention and on several occasions has had solutions that I thought would solve the problem, but this particular solution is one that we have gone over on our side, the gentlewoman from Hawaii (Mrs. MINK) and I and the gentleman from Washington (Mr. MEEDS), who chairs the Indian Affairs Committee. The chairman of our full committee, the gentleman from Florida (Mr. HALEY) chaired the Indian Affairs Subcommittee for a number of years and has an intense interest in this problem.

Mr. Chairman, as far as I am concerned, and I think I speak for most of us on our side, this is a good approach to take to conference. It gives options, it is flexible, and I am prepared to support the amendment.

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

Mr. MELCHER. I yield to the gentleman from Florida (Mr. HALEY), the distinguished chairman of the House Committee on Indian Affairs.

Mr. HALEY. Mr. Chairman, I thank the gentleman for yielding.

He, of course, knows of my long interest in Indian legislation.

I think this is a very good amendment, and I rise in wholehearted support of this amendment. I think it is necessary.

Mr. MELCHER. Mr. Chairman, I thank the gentleman.

I urge that the House accept the amendment and thereby endorse Indian rights to have a positive voice in the destiny of their own reservation lands if some of it is strip mined for coal.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title V?

If not, the Clerk will read.

The Clerk read as follows:

TITLE VI—DESIGNATION OF LANDS UNSUITABLE FOR NONCOAL MINING

DESIGNATION PROCEDURES

SEC. 601. (a) With respect to Federal lands within any State, the Secretary of Interior may, and if so requested by the Governor of such State, shall review any area within such lands to assess whether it may be unsuitable for mining operations for minerals or materials other than coal, pursuant to the criteria and procedures of this section.

(b) An area of Federal lands may be designated under this section as unsuitable for mining operations if (1) such area consists of Federal land of a predominantly urban or suburban character, used primarily for residential or related purposes, the mineral estate of which remains in the public domain, or (2) such area consists of Federal land where mining operations would have an adverse impact on lands used primarily for residential or related purposes, or (3) lands where such mining operations could result in irreversible damage to important historic, cultural, scientific, or aesthetic values or natural systems, of more than local significance, or could unreasonably endanger human life and property.

(c) Any person having an interest which is or may be adversely affected shall have the right to petition the Secretary to seek exclusion of an area from mining operations pursuant to this section or the redesignation of an area or part thereof as suitable for such operations. Such petition shall contain allegations of fact with supporting evidence which would tend to substantiate the allegations. The petitioner shall be granted a hearing within a reasonable time and finding with reasons therefor upon the matter of their petition. In any instance where a Governor requests the Secretary to review an area, or where the Secretary finds the national interest so requires, the Secretary may temporarily withdraw the area to be reviewed from mineral entry or leasing pending such review: *Provided, however,* That such temporary withdrawal be ended as promptly as practicable and in no event shall exceed two years.

(d) In no event is a land area to be designated unsuitable for mining operations under this section on which mining operations are being conducted prior to the holding of a hearing on such petition in accordance with subsection (c) hereof. Valid existing rights shall be preserved and not affected by such designation. Designation of an area as unsuitable for mining operations under this section shall not prevent subsequent mineral exploration of such area, except that such exploration shall require the prior written consent of the holder of the surface estate, which consent shall be filed with the Secretary. The Secretary may promulgate, with respect to any designated area, regulations to minimize any adverse effects of such exploration.

(e) Prior to any designation pursuant to this section, the Secretary shall prepare a detailed statement on (i) the potential mineral resources of the area, (ii) the demand for such mineral resources, and (iii) the impact of such designation or the absence of such designation on the environment, economy, and the supply of such mineral resources.

(f) When the Secretary designates an area of Federal lands as unsuitable for all or certain types of mining operations for minerals and materials other than coal pursuant to this section he may withdraw such area from mineral entry or leasing, or condition such entry or leasing so as to limit such mining operations in accordance with his determination, if the Secretary also determines, based on his analysis pursuant to subsection 601(e), that the benefits resulting from such designation, would be greater than the benefits to the regional or national economy which could result from mineral development of such area.

(g) Any party with a valid legal interest who has appeared in the proceedings in connection with the Secretary's determination pursuant to this section and who is aggrieved by the Secretary's decision (or by his failure to act within a reasonable time) shall have the right of appeal for review by the United States district court for the district in which the pertinent area is located.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title VI be considered as read, printed in the RECORD, and open to amendment at any point.

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

There was no objection.

The CHAIRMAN. Are there any amendments to title VI?

If not, the Clerk will read.

The Clerk read as follows:

TITLE VII—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 701. For the purposes of this Act—

(1) "Secretary" means the Secretary of the Interior, except where otherwise described;

(2) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and Guam;

(3) "Office" means the Office of Surface Mining, Reclamation, and Enforcement established pursuant to title II;

(4) "commerce" means trade, traffic, commerce, transportation, transmission, or communication among the several States, or between a State and any other place outside thereof; or between points in the same State which directly or indirectly affect interstate commerce;

(5) "surface coal mining operations" means—

(A) activities conducted on the surface of lands in connection with a surface coal mine or surface operations the products of which enter commerce or the operations of which directly or indirectly affect interstate commerce. Such activities include excavation for the purpose of obtaining coal including such common methods as contour, strip, auger, mountaintop removal, box cut, open pit, and area mining, and in situ distillation or retorting, leaching or other chemical or physical processing, and the cleaning, concentrating, or other processing or preparation, loading of coal for interstate commerce at or near the mine site: *Provided, however,* That such activities do not include the extraction of coal incidental to the extraction of other minerals where coal does not exceed 16⅔ percentum of the tonnage of minerals removed for purposes of commercial use or sale or coal explorations subject to section 512 of this Act and

(B) the areas upon which such activities occur or where such activities disturb the natural land surface. Such areas shall also include any adjacent land the use of which is incidental to any such activities, all lands affected by the construction of new roads or the improvement or use of existing roads to gain access to the site of such activities and for haulage, and excavations, workings, impoundments, dams, ventilation shafts, entryways, refuse banks, dumps, stockpiles, overburden piles, spoil banks, culm banks, tailings, holes or depressions, repair areas, storage areas, processing areas, shipping areas and other areas upon which are sited structures, facilities, or other property or materials on the surface, resulting from or incident to such activities;

(6) "surface coal mining and reclamation operations" means surface mining operations

and all activities necessary and incident to the reclamation of such operations after the date of enactment of this Act;

(7) "lands within any State" or "lands within such State" means all lands within a State other than Federal lands and Indian lands;

(8) "Federal lands" means any land, including mineral interests, owned by the United States without regard to how the United States acquired ownership of the land and without regard to the agency having responsibility for management thereof, except Indian lands;

(9) "Indian lands" means all lands, including mineral interests, within the exterior boundaries of any Indian reservation, notwithstanding the issuance of any patent, and including rights-of-way, and all lands held in trust for or supervised by any Indian tribe;

(10) "Indian tribe" means any Indian tribe, band, group, or community having a governing body recognized by the Secretary;

(11) "State program" means a program established by a State pursuant to section 503 to regulate surface coal mining and reclamation operations, on lands within such State in accord with the requirements of this Act and regulations issued by the Secretary pursuant to this Act;

(12) "Federal program" means a program established by the Secretary pursuant to section 504 to regulate surface coal mining and reclamation operations on lands within a State in accordance with the requirements of this Act;

(13) "Federal lands program" means a program established by the Secretary pursuant to section 523 to regulate surface coal mining and reclamation operations on Federal lands;

(14) "reclamation plan" means a plan submitted by an applicant for a permit under a State program or Federal program which sets forth a plan for reclamation of the proposed surface coal mining operations pursuant to section 508;

(15) "State regulatory authority" means the department or agency in each State which has primary responsibility at the State level for administering this Act;

(16) "regulatory authority" means the State regulatory authority where the State is administering this Act under an approved State program or the Secretary where the Secretary is administering this Act under a Federal program;

(17) "person" means an individual, partnership, association, society, joint stock company, firm, company, corporation, or other business organization;

(18) "permit" means a permit to conduct surface coal mining and reclamation operations issued by the State regulatory authority pursuant to a State program or by the Secretary pursuant to a Federal program;

(19) "permit applicant" or "applicant" means a person applying for a permit;

(20) "permittee" means a person holding a permit;

(21) "fund" means the Abandoned Mine Reclamation Fund established pursuant to section 401;

(22) "other minerals" means clay, stone, sand, gravel, metalliferous and nonmetalliferous ores, and any other solid material or substances of commercial value excavated in solid form from natural deposits on or in the Earth, exclusive of coal and those minerals which occur naturally in liquid or gaseous form;

(23) "approximate original contour" means that surface configuration achieved by backfilling and grading of the mined area so that it closely resembles the surface configuration of the land prior to mining and blends into and complements the drainage pattern of the surrounding terrain, with all highwalls, spoil piles, and depressions eliminated except that water impoundments may be permitted where the regulatory authority determines that they are in compliance with section 515(b)(8) of this Act;

(24) "operator" means any person, partnership, or corporation engaged in coal mining who removes or intends to remove more than two hundred and fifty tons of coal from the earth by coal mining within twelve consecutive calendar months in any one location;

(25) "permit area" means the area of land indicated on the approved map submitted by the operator with his application, which area of land shall be covered by the operator's bond as required by section 509 of this Act and shall be readily identifiable by appropriate markers on the site;

(26) "unwarranted failure to comply" means the failure of a permittee to prevent the occurrence of any violation of his permit or any requirement of this Act due to indifference, lack of diligence, or lack of reasonable care, or the failure to abate any violation of such permit or the Act due to indifference, lack of diligence, or lack of reasonable care;

(27) "alluvial valley floors" means the unconsolidated stream laid deposits holding streams where water availability is sufficient for subirrigation or flood irrigation agricultural activities;

(28) "imminent danger to the health or safety of the public" means the existence of any condition or practice, or any violation of a permit or other requirement of this Act in a surface coal mining and reclamation operation, which condition, practice, or violation could reasonably be expected to cause substantial physical harm to persons outside the permit area before such condition, practice, or violation can be abated.

OTHER FEDERAL LAWS

SEC. 702. (a) Nothing in this Act shall be construed as superseding, amending, modifying, or repealing the Mining and Minerals Policy Act of 1970 (30 U.S.C. 21a), the National Environmental Policy Act of 1969 (42 U.S.C. 4321–47), or any of the following Acts or with any rule or regulation promulgated thereunder, including but not limited to—

(1) The Federal Metal and Nonmetallic Mine Safety Act (30 U.S.C. 721–740).

(2) The Federal Coal Mine Health and Safety Act of 1969 (83 Stat. 742).

(3) The Federal Water Pollution Control Act (79 Stat. 903), as amended, the State laws enacted pursuant thereto, or other Federal laws relating to preservation of water quality.

(4) The Clean Air Act, as amended (42 U.S.C. 1857).

(5) The Solid Waste Disposal Act (42 U.S.C. 3251).

(6) The Refuse Act of 1899 (33 U.S.C. 407).

(7) The Fish and Wildlife Coordination Act of 1934 (16 U.S.C. 661–666c).

(b) Nothing in this Act shall affect in any way the authority of the Secretary or the heads of other Federal agencies under other provisions of law to include in any lease, license, permit, contract, or other instrument such conditions as may be appropriate to regulate surface coal mining and reclamation operations on lands under their jurisdiction.

(c) To the greatest extent practicable each Federal agency shall cooperate with the Secretary and the States in carrying out the provisions of this Act.

SEC. 703. (a) No person shall discharge, or in any other way discriminate against, or cause to be fired or discriminated against, any employee or any authorized representative of employees by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this Act, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions of this Act.

(b) Any employee or a representative of employees who believes that he has been fired or otherwise discriminated against by any person in violation of subsection (a) of this section may, within thirty days after such alleged violation occurs, apply to the Secretary for a review of such firing or alleged discrimination. A copy of the application shall be sent to the person or operator who will be the respondent. Upon receipt of such application, the Secretary shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to such review to enable the parties to present information relating to the alleged violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation the Secretary shall make findings of fact. If he finds that a violation did occur, he shall issue a decision incorporating therein and his findings in an order requiring the party committing the violation to take such affirmative action to abate the violation as the Secretary deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no violation, he shall issue a finding. Orders issued by the Secretary under this subsection shall be subject to judicial review in the same manner as orders and decisions of the Secretary are subject to judicial review under this Act.

(c) Whenever an order is issued under this section to abate any violation, at the request of the applicant a sum equal to the aggregate amounts of all costs and expenses (including attorneys' fees) to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the persons committing the violation.

(d) The Secretary shall conduct continuing evaluations of potential losses or shifts of employment which may result from the enforcement of this Act or any requirement of this Act including, where appropriate, investigating threatened mine closures or reductions in employment allegedly resulting from such enforcement or requirement. Any employee who is discharged or laid off, threatened with discharge or layoff, or otherwise discriminated against by any person because of the alleged results of the enforcement or requirement of this Act, or any representative of such employee, may request the Secretary to conduct a full investigation of the matter. The Secretary shall thereupon investigate the matter, and, at the request of any interested party, shall hold public hearings on not less than five days' notice, and shall at such hearings require the parties, including the employer involved, to present information relating to the actual or potential effect of such limitation or order on employment and on any alleged discharge, layoff, or other discrimination and the detailed reasons or justification therefor. Any such hearing shall be of record and shall be subject to section 54 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary shall promptly make findings of fact as to the effect of such enforcement or requirement on employment and on the alleged discharge, layoff, or discrimination and shall make such recommendations as he deems appropriate. Such report, findings, and recommendations shall be available to the public. Nothing in this subsection shall be construed to require or authorize the Secretary or a State to modify or withdraw any enforcement action or requirement.

PROTECTION OF GOVERNMENT EMPLOYEES

SEC. 704. Section 1114, title 18, United States Code, is hereby amended by adding the

words "or of the Department of the Interior" after the worlds "Department of Labor" contained in that section.

GRANTS TO THE STATES

SEC. 705. (a) The Secretary is authorized to make annual grants to any State for the purpose of assisting such State in developing, administering, and enforcing State programs under this Act. Such grants shall not exceed 80 per centum of the total costs incurred during the first year, 60 per centum of total costs incurred during the second year, and 40 per centum of the total costs incurred during the third and fourth years.

(b) The Secretary is authorized to cooperate with and provide assistance to any State for the purpose of assisting it in the development, administration, and enforcement of its State programs. Such cooperation and assistance shall include—

(1) technical assistance and training including provision of necessary curricular and instruction materials, in the development, administration, and enforcement of the State programs; and

(2) assistance in preparing and maintaining a continuing inventory of information on surface coal mining and reclamation operations for each State for the purposes of evaluating the effectiveness of the State programs. Such assistance shall include all Federal departments and agencies making available data relevant to surface coal mining and reclamation operations and to the development, administration, and enforcement of State programs concerning such operations.

ANNUAL REPORT

SEC. 706. The Secretary shall submit annually to the President and the Congress a report concerning activities conducted by him, the Federal Government, and the States pursuant to this Act. Among other matters, the Secretary shall include in such report recommendations for additional administrative or legislative action as he deems necessary and desirable to accomplish the purposes of this Act.

SEVERABILITY

SEC. 707. If any provision of this Act or the applicability thereof to any person or circumstance is held invalid, the remainder of this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

ALASKAN SURFACE COAL MINE STUDY

SEC. 708. (a) The Secretary is directed to contract with the National Academy of Sciences-National Academy of Engineering for an in-depth study of surface coal mining conditions in the State of Alaska in order to determine which, if any, of the provisions of this Act should be modified with respect to surface coal mining operations in Alaska.

(b) The Secretary shall report on the findings of the study to the President and Congress no later than two years after the date of enactment of this Act.

(c) The Secretary shall include in his report a draft of legislation to implement any changes recommended to this Act.

(d) Until one year after the Secretary has made this report to the President and Congress, or three years after the date of enactment of this Act, whichever comes first, the Secretary is authorized to suspend the applicability of any provision of this Act, or any regulation issued pursuant thereto, to any surface coal mining operation in Alaska from which coal has been mined during the year preceding enactment of this Act if he determines that it is necessary to insure the continued operation of such surface coal mining operation. The Secretary may exercise his suspension authority only after he has (1) published a notice of proposed suspension in the Federal Register and in a newspaper of general circulation in the area of Alaska in which the affected surface coal mining operation is located, and (2) held a public hearing on the proposed suspension in Alaska.

(e) There is hereby authorized to be appropriated for the purpose of this section $250,000.

STUDY OF RECLAMATION STANDARDS FOR SURFACE MINING OF OTHER MINERALS

SEC. 709. (a) The Chairman of the Council on Environmental Quality is directed to contract with the National Academy of Sciences-National Academy of Engineering, other Government agencies or private groups as appropriate, for an in-depth study of current and developing technology for surface and open pit mining and reclamation for minerals other than coal designed to assist in the establishment of effective and reasonable regulation of surface and open pit mining and reclamation for minerals other than coal, with a primary emphasis upon oil shale and tar sands reserves. The study shall—

(1) assess the degree to which the requirements of this Act can be met by such technology and the costs involved;

(2) identify areas where the requirements of this Act cannot be met by current and developing technology;

(3) in those instances describe requirements most comparable to those of this Act which could be met, the costs involved, and the differences in reclamation results between these requirements and those of this Act; and

(4) discuss alternative regulatory mechanisms designed to insure the achievement of the most beneficial post-mining land use for areas affected by surface and open-pit mining.

(b) The study together with specific legislative recommendations shall be submitted to the President and the Congress no later than eighteen months after the date of enactment of this Act: *Provided,* That with respect to surface or open pit mining for sand and gravel the study shall be submitted no later than twelve months after the date of enactment of this Act.

(c) There are hereby authorized to be appropriated for the purpose of this section $500,000.

INDIAN LANDS

SEC. 710. (a) The Secretary is directed to study the question of the regulation of surface mining on Indian lands which will achieve the purpose of this Act and recognize the special jurisdictional status of these lands. In carrying out this study the Secretary shall consult with Indian tribes. The study report shall include proposed legislation designed to allow Indian tribes to elect to assume full regulatory authority over the administration and enforcement of regulation of surface mining of coal on Indian lands.

(b) The study report required by subsection (a) together with drafts of proposed legislation and the view of each Indian tribe which would be affected shall be submitted to the Congress as soon as possible but not later than January 1, 1976.

(c) On and after one hundred and thirty-five days from the enactment of this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by subsection 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(d) On and after thirty months from the enactment of this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by sections 507, 508, 509, 510, 515, 516, 517, and 519 of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(e) With respect to leases issued after the date of enactment of this Act, the Secretary shall include and enforce terms and conditions in addition to those required by subsections (c) and (d) as may be requested by the Indian tribe in such leases.

(f) Any change required by subsection (c) or (d) of this section in the terms and conditions of any coal lease on Indian lands existing on the date of enactment of this Act, shall require the approval of the Secretary.

(g) The Secretary shall provide for adequate participation by the various Indian tribes affected in the study authorized in this section and not more than $700,000 of the funds authorized in section 712(a) shall be reserved for this purpose.

EXPERIMENTAL PRACTICES

SEC. 711. In order to encourage advances in mining and reclamation practices, the regulatory authority may authorize departures in individual cases on an experimental basis from the environmental protection performance standards promulgated under sections 515 and 516 of this Act. Such departures may be authorized if (i) the experimental practices are potentially more or at least as environmentally protective, during and after mining operations, as those required by promulgated standards; (ii) the mining operation is no larger than necessary to determine the effectiveness and economic feasibility of the experimental practices; and (iii) the experimental practices do not reduce the protection afforded public health and safety below that provided by promulgated standards.

AUTHORIZATION OF APPROPRIATIONS

SEC. 712. There is authorized to be appropriated to the Secretary for the purposes of this Act the following sums, and all such funds appropriated shall remain available until expended:

(a) For the implementation and funding of sections 502, 522, 405(b)(3), and 710, contract authority is granted to the Secretary of the Interior for the sum of $10,000,000 to become available immediately upon enactment of this Act and $10,000,000 for each of the two succeeding fiscal years.

(b) For administrative and other purposes of this Act, except as otherwise provided for in this Act, authorization is provided for the sum of $10,000,000 for the fiscal year ending June 30, 1975, for each of the two succeeding fiscal years the sum of $20,000,000 and $30,000,000 for each fiscal year thereafter.

RESEARCH AND DEMONSTRATION PROJECTS ON ALTERNATIVE COAL MINING TECHNOLOGIES

SEC. 713. (a) The Secretary is authorized to conduct and promote the coordination and acceleration of, research, studies, surveys, experiments, demonstration projects, and training relating to—

(1) the development and application of coal mining technologies which provide alternatives to surface disturbance and which maximizes the recovery of available coal resources, including the improvement of present underground mining methods, methods for the return of underground mining wastes to the mine void, methods for the underground mining of thick coal seams and very deep seams; and

(2) safety and health in the application of such technologies, methods, and means.

(b) In conducting the activities authorized by this section, the Secretary may enter into contracts with and make grants to qualified institutions, agencies, organizations, and persons.

(c) There are authorized to be appropriated to the Secretary, to carry out the purposes of this section, $35,000,000 for each fiscal year beginning with the fiscal year 1976, and for each year thereafter for the next four years.

SURFACE OWNER PROTECTION

SEC. 714. (a) The provisions and procedures specified in this section shall apply where coal owned by the United States under land the surface rights to which are owned by a surface owner as defined in this section is to be mined by methods other than underground mining techniques. In order to minimize disturbance to surface owners from surface coal mining of Federal coal deposits, the Secretary shall, in his discretion but, to the maximum extent practicable, refrain from leasing such coal deposits for development by methods other than underground mining techniques.

(b) Any coal deposits subject to this section shall be offered for lease pursuant to section 2(a) of the Mineral Leasing Act of 1920 (30 U.S.C. 201a), except that no award shall be made by any method other than competitive bidding.

(c) Prior to placing any deposit subject to this section in a leasing tract, the Secretary shall give to any surface owner whose land is to be included in the proposed leasing tract actual written notice of his intention to place such deposits under such land in a leasing tract.

(d) The Secretary shall not enter into any lease of such coal deposits until the surface owner has given written consent and the Secretary has obtained such consent, to enter and commence surface mining operations, and the applicant has agreed to pay in addition to the rental and royalty and other obligations due the United States the money value of the surface owner's interest as determined according to the provisions of section (e).

(e) The value of the surface owner's interest shall be fixed by the Secretary based on appraisals made by three appraisers. One such appraiser shall be appointed by the Secretary, one appointed by the surface owner concerned, and one appointed jointly by the appraisers named by the Secretary and such surface owner. In computing the value of the surface owner's interest, the appraisers shall first fix and determine the fair market value of the surface estate and they shall then determine and add the value of such of the following losses and costs to the extent that such losses and costs arise from the surface coal mining operations:

(1) loss of income to the surface owner during the mining and reclamation process;

(2) cost to the surface owner for relocation or dislocation during the mining and reclamation process;

(3) cost to the surface owner for the loss of livestock, crops, water or other improvements;

(4) any other damage to the surface reasonably anticipated to be caused by the surface mining and reclamation operations; and

(5) such additional reasonable amount of compensation as the Secretary may determine is equitable in light of the length of the tenure of the ownership: *Provided*, That such additional reasonable amount of compensation may not exceed the value of the losses and costs as established pursuant to this subsection and in paragraphs (1) through (4) above, or one hundred dollars ($100.00) per acre, whichever is less.

(f) All bids submitted to the Secretary for any such lease shall, in addition to any rental or royalty and other obligations, be accompanied by the deposit of an amount equal to the value of the surface owner's interest computed under subsection (e). The Secretary shall pay such amount to the surface owner either upon the execution of such lease or upon the commencement of mining, or shall require posting of bond to assure installment payments over a period of years acceptable to the surface owner, at the option of the surface owner. At the time of initial payment, the surface owner may request a review of the initial determination of the amount of the surface owner's interest for the purpose of adjusting such amount to reflect any increase in the Consumer Price Index since the initial determination. The lessee shall pay such increased amount to the Secretary to be paid over to the surface owner. Upon the release of the performance bonds or deposits under section 519, or at an earlier time as may be determined by the Secretary, all rights to enter into and use the surface of the land subject to such lease shall revert to the surface owner.

(g) For the purpose of this section the term "surface owner" means the natural person or persons (or corporation, the majority stock of which is held by a person or persons who meet the other requirements of this section) who—

(1) hold legal or equitable title to the land surface;

(2) have their principal place of residence on the land, or personally conduct farming or ranching operations upon a farm or ranch unit to be affected by surface coal mining operations; or receive directly a significant portion of their income, if any, from such farming or ranching operations; and

(3) have met the conditions of paragraphs (1) and (2) for a period of at least three years prior to the granting of the consent.

In computing the three-year period the Secretary may include periods during which title was owned by a relative of such person by blood or marriage during which period such relative would have met the requirements of this subsection.

(h) Where surface lands over coal subject to this section are owned by any person who meets the requirements of paragraphs (1) and (2) of subsection (g) but who does not meet the requirements of paragraph (3) of subsection (g), the Secretary shall not place such coal deposit in a leasing tract unless such person has owned such surface lands for a period of three years. After the expiration of such three-year period such coal deposit may be leased by the Secretary, provided that if such person qualifies as a surface owner as defined by subsection (g) his consent has been obtained pursuant to the procedures set forth in this section.

(i) Nothing in this section shall be construed as increasing or diminishing any property rights held by the United States or by any other land owner.

(j) The determination of the value of the surface owner's interest fixed pursuant to subsection (e) or any adjustment to that determination made pursuant to subsection (f) shall be subject to judicial review only in the United States district court for the locality in which the leasing tract is located.

(k) At the end of each two-year period after the date of enactment of this Act, the Secretary shall submit to the Congress a report on the implementation of the Federal coal leasing policy established by this section. The report shall include a list of the surface owners who have (1) given their consent, (2) received payments pursuant to this section, (3) refused to give consent, and (4) the acreage of land involved in each category. The report shall also indicate the Secretary's views on the impact of the leasing policy on the availability of Federal coal to meet national energy needs and on receipt of fair market value for Federal coal.

(l) This section shall not apply to Indian lands.

(m) Any person who gives, offers or promises anything of value to any surface owner or offers or promises any surface owner to give anything of value to any other person or entity in order to induce such surface owner to give the Secretary his written consent pursuant to this section, and any surface owner who accepts, receives, or offers or agrees to receive anything of value for himself or any other person or entity, in return for giving his written consent pursuant to this section shall be subject to a civil penalty of one and a half times the monetary equivalent of the thing of value. Such penalty shall be assessed by the Secretary and collected in accordance with the procedures set out in subsections 518(b), 518(c), 518(d), and 518(e) of this Act.

(n) Any Federal coal lease issued subject to the provisions of this section shall be automatically terminated if the lessee, before or after issuance of the lease, gives, offers or promises anything of value to the surface owner or offers or promises to any surface owner to give anything of value to any other person or entity in order to (1) induce such surface owner to give the Secretary his written consent pursuant to this section, or (2) compensate such surface owner for giving such consent. All bonuses, royalties, rents and other payments made by the lessee shall be retained by the United States.

(o) The provisions of this section shall become effective on February 1, 1976. Until February 1, 1976, the Secretary shall not lease any coal deposits owned by the United States under land the surface rights to which are not owned by the United States, unless the Secretary has in his possession a document which demonstrates the acquiescence prior to December 3, 1974, of the owner of the surface rights to the extraction of minerals within the boundaries of his property by current surface coal mining methods.

FEDERAL LESSEE PROTECTION

SEC. 715. In those instances where the coal proposed to be mined by surface coal mining operations is owned by the Federal Government and the surface is subject to a lease or a permit issued by the Federal Government, the application for a permit shall include either:

(1) the written consent of the permittee or lessee of the surface lands involved to enter and commence surface coal mining operations on such land, or in lieu thereof;

(2) evidence of the execution of a bond or undertaking to the United States or the State, whichever is applicable, for the use and benefit of the permittee or lessee of the surface lands involved to secure payment of any damages to the surface estate which the operations will cause to the crops, or to the tangible improvements of the permittee or lessee of the surface lands as may be determined by the parties involved, or as determined and fixed in an action brought against the operator or upon the bond in a court of competent jurisdiction. This bond is in addition to the performance bond required for reclamation under this Act.

WATER RIGHTS

SEC. 716. Nothing in this Act shall be construed as affecting in any way the right of any person to enforce or protect, under applicable State law, his interest in water resources affected by a surface coal mining operation.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title VII be considered as read, printed in the RECORD, and open to amendment at any point.

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

There was no objection.

The CHAIRMAN. Are there any amendments to title VII?

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

Title VII is the last title. We are aware of maybe a half dozen amendments, none of them very controversial, as far as I am concerned.

There have been some printed in the CONGRESSIONAL RECORD relating to this title, and if there were a limitation of time those amendments would be protected, or the sponsors who want to

could have the full 5 minutes. In light of that, Mr. Chairman, I ask unanimous consent that all debate on title VII and all debate on the bill and all amendments thereto close not later than 5:30.

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

There was no objection.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: On page 312, after line 2, add the following new subsection (11) and renumber the succeeding subsections:

"(11) The term 'Indian lands program' means a program established by an Indian tribe pursuant to title VI to regulate surface mining and reclamation operations for coal, whichever is relevant, on Indian lands under its jurisdiction in accordance with the requirements of this Act and the regulations issued by the Secretary pursuant to this Act."

Mr. MELCHER. Mr. Chairman, this amendment contains the identical language that was in the House-passed bill last year as that bill contained the Indian lands program. Now that we have adopted an amendment, that puts the Indian lands program back into our present bill, it is appropriate now that we reinsert this definition as to the Indian lands program in this bill.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, I would ask the gentleman from Montana if it is not a fact that the proposed amendment conforms the bill so far as the amendment that was just adopted?

Mr. MELCHER. That is correct.

Mr. UDALL. Mr. Chairman, I support the amendment.

Mr. MELCHER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. EVANS OF COLORADO

Mr. EVANS of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EVANS of Colorado: on page 336, after line 7, insert the following:

PROTECTION OF WATER RIGHTS

SEC. 717. (a) In those instances in which it is determined that a proposed surface coal mining operation is likely to adversely affect the hydrologic balance of water on or off site, or diminish the supply or quality of such water, the application for a permit shall include either—

(1) the written consent of all owners of water rights reasonably anticipated to be affected; or

(2) evidence of the capability and willingness to provide substitute water supply, at least equal in quality, quantity, and duration to the affected water rights of such owners.

(b) (1) An owner of water rights adversely affected may file a complaint detailing the loss in quantity or quality of his water with the regulatory authority.

(2) Upon receipt of such complaint the regulatory authority shall—

(A) investigate such complaint using all available information including the monitoring data gathered pursuant to section 517;

(B) within 90 days issue a specific written finding as to the cause of the water loss in quantity or quality, if any;

(C) order the mining operator to replace the water within a reasonable time in like quality, quantity, and duration if the loss is caused by the surface coal mining operations, and require the mining operator to compensate the owner of the water right for any damages he has sustained by reason of said loss; and

(D) order the suspension of the operator's permit if the operator fails to comply with any order issued pursuant to subparagraph (C).

Mr. EVANS of Colorado. Mr. Chairman, my amendment will strengthen the provisions protecting owners of water rights.

The first subsection would require the coal operator to either secure the written consent of all owners of water rights reasonably anticipated to be affected by the surface coal mining operation, or show evidence of the capability and willingness to provide substitute water supply, at least equal in quality, quantity, and duration to the affected water rights of such owners.

The second subsection allows an owner of water rights adversely affected to file a complaint with the regulatory authority detailing his loss in water quality and quantity. The regulatory agency would investigate the complaint and issue a written finding as to cause of the loss, if any, in water quality and quantity. If the mining operator is found to be at fault, the regulatory authority would order the mining operator to replace the water within a reasonable time and compensate the owner of the water right for any damages he has sustained by reason of said loss. The mining operator's permit would be suspended by the regulatory authority if he did not comply with any such order.

This amendment is moderate and a matter of simple justice. If a coal operator cannot get the written consent of an affected owner of water rights, he can still proceed if he can show evidence of a willingness and capability to provide a substitute water supply. In the West, water is essential to ranchers and farmers who depend on scarce supplies. If you deprive a man of his water, you deprive him the opportunity to earn a livelihood for himself and his family.

Without my amendments, I am afraid that this bill would be an expression of congressional judgment that the surface mining of coal should be of the highest priority ahead of other uses of land and water. In the arid and semiarid parts of the country, I believe such a conclusion would result in irretrievable loss of vast areas of agriculturally productive land.

These amendments are designed to protect the water resources of the West, but they could also have an impact reaching far beyond the western coal lands. If your State depends on water from the Missouri or Colorado River basis for municipal, industrial, or agricultural uses, you should share our concern about the possibility of diminishing the water flow and increasing the dissolved salts, chemicals, metals and sediments in these river systems. In the Colorado Basin, this affects the States of California, Arizona, Utah, and Colorado. In the Missouri Basin, this affects Montana, Wyoming, Colorado, North Dakota, South Dakota, Nebraska, Kansas, Iowa, and Missouri.

Beyond that, I simply ask my eastern colleagues to heed the words of North Dakota Governor Arthur Link. Governor Link has said:

People representing the cities have as great a stake in the restoration of this land as the people of North Dakota. From those lands come the food and fiber their constituents will need long after the coal is removed.

The people I represent will remain in Colorado after the strippable coal is gone and the coal companies move elsewhere. It is my hope in sponsoring these amendments that we can help insure that our friends from other States can still come to enjoy the natural beauty and bounty of our Rocky Mountain States in the future.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, I would like to ask the gentleman from Colorado a question, if I may.

Mr. EVANS of Colorado. I am happy to yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I am inclined to support this amendment. As the gentleman from Colorado knows, the question of water rights in the West is a very sensitive one. We provide in the bill on page 221 in section 505(c) that nothing in the act shall be construed to affect water rights under existing State law. This was one of the basic compromises. We are leaving that that every State shall determine its water rights. Accepting this amendment, I would like it clearly understood that the amendment does not change section 505(c) and that there is no intention here to deprive the States of the right to determine water rights.

Mr. EVANS of Colorado. The gentleman from Arizona is absolutely correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. EVANS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: On page 328, between lines 13 and 14, insert the following new subsection:

"(d) at least 60 days before any funds are obligated for any research studies, surveys, experiments or demonstration projects to be conducted or financed under this Act in any fiscal year, the Secretary in consultation with the Administrator of the Energy Research and Development Administration and the heads of other Federal agencies having the authority to conduct or finance such projects, shall determine and publish such determinations in the Federal Register that such projects are not being conducted or financed by any other Federal agency. On March 1 of each calendar year, the Secretary shall report to the Congress on the research studies, surveys, experiments or demonstration projects, conducted or financed under this Act, including, but not limited to, a statement of the nature and purpose of such proj-

ect, the Federal cost thereof, the identity and affiliation of the persons engaged in such projects, the expected completion date of the projects and the relationship of the projects to other such projects of a similar nature.

"(e) subject to the patent provisions of section 306(d) of this Act, all information and data resulting from any research studies, surveys, experiments, or demonstration projects conducted or financed under this Act shall be promptly made available to the public."

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

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

There was no objection.

Mr. HECHLER of West Virginia. Mr. Chairman, on yesterday there was colloquy in which the gentleman from Pennsylvania (Mr. MYERS) and the gentlewoman from New Jersey (Mrs. FENWICK) raised the point that there was duplication in funds for research and development. My amendment merely tried to guarantee that the Secretary of the Interior in consultation with the Administrator of ERDA indicate and publish in the Federal Register that the projects funded are not to be conducted or financed by any other Federal agency. Further, it would provide a reporting process so that on March 1 of each calendar year the Secretary of the Interior shall report to Congress on the research studies that are financed under this act. I think this takes care of the point which was raised during yesterday's colloquy.

In addition, my amendment also insures that the results of federally funded research be made available to the public, within the limitations of the patent laws and other legislation.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in opposition to the amendment.

As a matter of fact, I do so, so as not to frighten my colleague, the gentleman from West Virginia, by agreeing that I understand what my colleague is trying to do. But I would submit that on a pragmatic basis, the requirements in my friend's amendment are such that they assume that all agencies in government will read the Federal Register, which is an assumption that, of course, if they did, they would obviously accomplish nothing else. So I would simply tell my friend that there is really no way to defend against what my friend is trying to defend against.

In my view, there is no way to defend against the duplication my friend is trying to defend against. This would, indeed, require at least the employment of six or seven Federal Register readers in each agency just to comply.

I do not think my friend wants to add that burden to this economy, so I would hope we would oppose the amendment, not because of the spirit of the matter but because of the pragmatism about the realization of the fulfillment of the effort here.

Mr. HECHLER of West Virginia. Mr. Chairman, if the gentleman will yield, I hope the gentleman's position on this amendment will be followed by the usual sequential vote which indicates opposition to his position by the Committee of the Whole.

Mrs. MINK. Mr. Chairman, if the gentleman will yield, there has been much concern exhibited here about possible duplication of research. We had a section on research dealing with deep mining in the belief that a great deal of research needs to be done about mining, but in view of the concern of this House about the duplication of research which might be undertaken by ERDA, I believe the gentleman's amendment will meet this problem and will require the Secretary of the Interior to consult with ERDA and require publication in the Federal Register and also require that these contracts and grants be reported to the Congress on March 1. I believe this would meet the problems that have been raised and I support the amendment offered by the gentleman.

Mr. HECHLER of West Virginia. I welcome the support of the gentlewoman from Hawaii and I thank her for it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia.

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title VII?

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment, a very simple little amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: Beginning on page 321, line 23, strike section 708 inclusive.

Mr. HECHLER of West Virginia. Mr. Chairman, section 708 provides for a study of Alaskan surface coal mines. This study is to be directed by the Secretary of the Interior with the National Academy of Sciences and the National Academy of Engineering and is to take 2 years. The Secretary of the Interior is only authorized to apply the provisions of this act 1 year following the completion of the 2-year study.

It seems to me the subject of surface mining has been studied to death. As the gentleman from Arizona (Mr. STEIGER) knows, I took a very strong position against a special exemption for the anthracite industry. It would seem to me he should thereby support striking what is in effect special treatment in this bill for the State of Alaska. We certainly got no special treatment for the State of West Virginia and for other mountain people who suffer the most from strip mining.

This bill provides in section 708 that the Secretary is authorized to suspend the applicability of any provision of this act for 1 year following the conclusion of this study. The State of Alaska, just like any of the other 50 States, can come up with a program and its program is subject to review of course by the Secretary of the Interior. I do not see why we have to study for 2 years and then have to suspend the act for 1 additional year beyond that, although I must admit that this bill is the product of very delicate compromise among the various segments of this committee and of this Congress. But it would seem to me unreasonable to provide a very special exemption for the State of Alaska, and I urge support for this amendment, to restore fairness and equity in this case.

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

Mr. Chairman, we tried very hard in this bill to write a national uniform coal surface mining bill. I think we succeeded. We also tried to give special consideration where there were conditions that required it. As the gentlewoman from Hawaii (Mrs. MINK) pointed out earlier, we approved special arrangements for the anthracite region of Pennsylvania.

My friend, the gentleman from Wyoming (Mr. RONCALIO) had a difficult special kind of problem in Wyoming and we wrote a section in for that.

The third area was the State of Alaska. Alaska is a different situation because of the climate, because of the very cold weather. A lot of the coal is buried under the tundra. This does not amount to very much.

Also, there is only one existing coal mine in the entire State of Alaska. Under the bill it can continue to operate. We have asked the Interior Department to work with the National Academy of Science to report back to us with respect to their problems and whether the regular provisions of this bill ought to apply.

During that time the Secretary has the right to suspend certain provisions of this bill if he holds public hearings and he determines that they are not applicable; but that only applies during the period of this study and while Congress can act.

We think we have a balanced bill here and we hope the amendment will be defeated.

Mr. YOUNG of Alaska. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I thank the gentleman from Arizona for the position he has taken and the fact that we had extensive discussion in this committee.

I do represent the State of Alaska as its only Congressman. We do have a unique problem. We have only one coal mine in production that is providing the necessary energy to an area that has a high pollution problem right now due to the lack of cheap electricity. This coal mine is a widemouth operation. Let me say to the House that under the present bill we are not sure how or if we can operate.

The gentleman from West Virginia has stated that we have studied strip mining to death, and that might be true, but we have not studied the effect that this legislation will have in Alaska. We have a law of our own in Alaska.

I am asking that this amendment, which has been adopted twice and is a fair compromise be accepted so that we can find out how to operate if these conditions should be the law. I am pleased with what the committee has done. The exemptions that have been allowed and the attempt to arrive at a justifiable and workable bill in Wyoming has been accepted. This is an amendment that

should stay in this bill. Any attempt to delete it would be doing a disservice to the State of Alaska.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for yielding. Is it not true, as the gentleman previously stated in the presentation, that the committee did, indeed, spend a good deal of time discussing this matter, as opposed to the discussion of the anthracite exemption in the committee?

Mr. YOUNG of Alaska. We did discuss this as recently as 2 weeks ago when we reported the bill out. The gentleman from Ohio (Mr. SEIBERLING) was able to have the bill reported and it came out of the committee with very strong support.

Mr. STEIGER of Arizona. If the gentleman will yield further?

Mr. YOUNG of Alaska. Yes.

Mr. STEIGER of Arizona. I wanted to bring out very clearly, this was not a simple matter of accepting something that was just acceptable to the people of the gentleman's State of Alaska, but rather language that is acceptable to the entire committee.

Therefore, the equation with the anthracite situation is a totally improper equation.

Mr. YOUNG of Alaska. That is correct, and the committee did have a great amount of input in this session and also in the last session. I urge that the amendment of the gentleman from West Virginia be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. HECHLER).

The amendment was rejected.

Mr. ASHBROOK. Mr. Chairman, there is clearly a need to regulate surface coal mining. We can no longer afford to injure our environment without making a serious effort to repair the damage.

I cannot, however, support passage of H.R. 25, the Surface Mining Control and Reclamation Act. Rather than striking a reasonable balance between our economic necessities and our environmental concerns, H.R. 25 almost exclusively centers its attention on the environment.

Such a one-sided approach is a grave mistake. H.R. 25 would sharply reduce coal production at a time when our Nation desperately needs increased energy sources. It also would cause an increase in electricity rates and the price of thousands of consumer goods.

On many occasions I have stressed that the United States must work toward energy independence. The dangers of energy dependence were vividly brought home to us by the Arab oil producing nations. We must not rely on foreign oil supplies in the future.

If we are to achieve energy independence, however, we must spur the development of our domestic energy resources. Coal is an essential—and abundant—part of those resources. Estimates are that we have coal reserves of 200 to 400 years.

Our current coal production is approximately 600 million tons a year, half of which comes from surface mining. We need to at least double this production by 1985 in order to reach our Project Independence goals.

Unreasonable and unnecessary requirements in H.R. 25, however, would drastically reduce production. The Federal Energy Administration has predicted that this legislation could cut coal production by 31 to 187 million tons in 1975. This is almost a third of all U.S. production. By 1980 the loss could be as much as 271 million tons per year.

For every ton of coal that is not produced from domestic resources we must import about four barrels of foreign oil. Every ton that is not available because of H.R. 25 means more dependence on unreliable foreign sources.

This is not the only adverse effect, moreover. Another impact would be in the cost of electricity. Two-thirds of our coal is used in the production of electricity. This bill would sharply cut back the amount of coal available as well as make it more expensive to mine. The result would be a further increase in consumer electric bills.

Congressman UDALL, testifying on behalf of an almost identical bill last summer, stated that this legislation would add about 3 to 5 percent to the cost of electricity for an average household. The actual cost may be far higher. Electric bills are already a heavy burden without piling on needless additional costs.

Aside from increasing the cost of electricity, we also would be legislating increases in the costs of thousands of consumer goods. Most manufactured products in the Nation today require, at some point in the manufacturing process, electricity generated by coal. Manufacturers could be expected to pass these cost increases along to the consumer.

Therefore the consumer would be hurt at least twice by this legislation—in his electricity bills and in the price he has to pay for consumer goods.

Yes, legislation to regulate surface coal mining is needed. Such legislation, however, should strike a reasonable balance between the energy needs and environmental concerns of our Nation.

Mr. COHEN. Mr. Chairman, the surface mining bill before us today is an important piece of legislation which should be passed by the House without further delay. For the past 4 years, the Congress has attempted to draft a bill that will provide for America's energy needs while preserving our Nation's environment. In order to determine the extent to which these factors can be reconciled and in order to guarantee equity in the legislation, extensive hearings have been held, and both opponents and proponents have had repeated opportunities to express their views. The bill now under consideration is the product of thousands of hours of study and research by Members, committee staffs, executive agencies, industry, environmental groups, and independent consulting organizations. In my judgment, this expertise has been utilized effectively to draft sound legislation that will limit the harmful effects of strip mining without significantly affecting the price of availability of coal and other minerals.

There can be no doubt that this legislation is urgently required. We have already seen the results of reckless surface mine development in the Midwest and in Appalachia. Valuable croplands have been destroyed, topsoil has been lost, and streams have been polluted with silt and acid mine drainage. Homes have been damaged, drinking water sources have been contaminated, and the beauty of our Eastern mountains has been marred by unsightly highwalls and spoilbanks.

Mr. Chairman, as lawmakers, we should feel compelled to prevent further such offenses, especially when we know such action will not impair our ability to produce adequate amounts of coal.

The bill which we are considering today insures that the land, after mining operations are completed, will be returned to its former uses for both economic and esthetic reasons. The proposed 35 cents per ton tax on surface mined coal is only 1.8 percent of the average nationwide price for electric utility coal, but it would still generate sufficient funds for reclamation of abandoned lands, as well as those newly mined.

All of the provisions of the bill have been designed to insure that the growth of the coal mining industry, while meeting a large share of our energy needs, remains compatible with our immediate and long term environmental goals. I urge, therefore, that the House act quickly and decisively to pass this legislation as our colleagues in the Senate have already done.

Mrs. HOLT. Mr. Chairman, there are times when this Congress seems determined to aggravate the energy crisis instead of helping to alleviate it. H.R. 25, the bill to regulate strip mining, is an example of this curious tendency.

It is almost identical to the legislation which the President vetoed late last year for very sound reasons. It would place excessive and unwarranted handicaps on the ability to mine our country's vast coal reserves, which constitute our best short-range hope for relieving our dependence on foreign oil.

This legislation, therefore, runs contrary to our national interest at a grave time in American history. We are in economic trouble, and an expanding coal industry would provide employment to many thousands of Americans who otherwise face the desperate experience of unemployment, but this legislation would severely restrict the growth of the coal industry.

The legislation also fails on other grounds. It ignores the responsibility and excellent work done by the States with regulation of mining to protect the environment.

Mr. Chairman, for all the reasons mentioned above, I must vote against this bill.

Mr. WAMPLER. Mr. Chairman, I rise in opposition to the bill, H.R. 25, the Surface Mining Control and Reclamation Act of 1975.

During the course of the debate on this bill and the amendments that have been offered to it, I have placed before the Committee of the Whole House my reasons for opposing the various provisions of the bill and the detrimental effects they would have on the economy and the people of southwestern Virginia.

In urging a vote against this bill I ask each Member of the House to consider some of the communications I have received in the last several days from the coal surface miners themselves, the workers who haul the coal from the mines to the railheads, and some of the small businesses that mine the coal, all of whom will be directly affected by passage of this legislation. The following telegrams show their opposition to this bill:

CLINTON, VA., *March 17, 1975.*

Hon. Congressman WAMPLER,
House of Representatives,
Capitol Hill, D.C.:

Passage of House bill 25 to control stripping of coal will in effect ban this industry in Southwest Virginia, causing wide spread unemployment in the Appalachia region that have had so much of a problem over the years as a depressed area. Your help in helping us who needed so much in times that are already so hard in the United States will be appreciated. The stripping of coal does not in any way create a health problem, but brings good help to the employees of this industry that is so much less dangerous than underground mining.

Employees of Monahan Mining Inc., Employees JWT Trucking, Inc., Employees of Julia N. Coal Co., Employees of Charlie Trucking, Inc., Employees The Big C Coal Company, Employees Sylvania Ann Coal, Inc., Employees of C&K Trucking Co., Employees of G and M Trucking Inc., Employees Tom V Mining, Inc., Employees K E Mo Mining Co.

STERLING MINING CORP.,
Wise, Va., March 17, 1975.

Washington, D.C.:

Urge take action to defeat H.R. 25. Forty-five people would be unemployed from passage of H.R. 25.

HERBERT J. MCCELLAND.

PITTSTON COAL CO.,
Saint Paul, Va., March 11, 1975.

Hon. WILLIAM C. WAMPLER,
House of Representatives, Capitol Hill, District of Columbia:

I strongly urge you to vote to send the proposed surface mining bill back to committee. In its present form House bill 25 contains provisions limiting the coal industries abilities to alleviate the energy shortage. It is in the national interest that responsible industry and other spokesmen have an opportunity to provide the testimony and evidence necessary for Congress to reach a reasoned conclusion in a deliberative manner. The deep coal mining industry cannot absorb the tonnage that will be lost by the enactment of this legislation. The direct consequences will be that desperately needed metallurgical coal will find its way to the utility market. This will create a serious shortage in the steel industry, and by-product industry and increase the cost of coal to utilities in Virginia.

N. T. CAMICIA,
President and Chief Executive.

Mr. Chairman, all of us want to protect our environment, but not at the expense of our working people. All of us want a beautiful America, but not at the loss of vital coal resources and higher energy costs to our consumers, which this bill mandates.

This legislation is another example of environmental overkill and I urge each of you to vote against its passage.

Mr. HECHLER of West Virginia. Mr. Chairman, it is agonizing to weigh the advantages and disadvantages of this bill.

H.R. 25 fails to protect the people in mountain areas, where strip mining and the law of gravity send soil and spoil cascading down the slopes into people's yards, polluting their water supply, and causing irreparable damages. When compared to existing State regulatory laws, it falls short of requiring standards as tough as those found in the best of State laws—which themselves are a far cry from effective legislation. The existing legislation in Pennsylvania, Ohio, and Montana appears to be stronger than H.R. 25.

I have circulated to my fellow Members of the House of Representatives an analysis of the serious weaknesses at the time H.R. 25 was reported to the House, along with specific strengthening amendments necessary to make this legislation even minimally effective. I indicated I would vote against the pending strip mining bill, unless these strengthening amendments were included. President Ford and some Members, including the news media, have characterized H.R. 25 as a tough, strict piece of legislation. This is simply not so. Even with some strengthening amendments, it is still a basically weak piece of legislation.

H.R. 25 sets up a disastrous administrative structure which virtually insures that even the weak, loophole-filled standards drafted into this bill will be difficut to enforce to protect the land and the people. The interim period—time before States take full control—is to be supervised by the production-oriented Department of the Interior, the same Department of the Interior which has opposed the legislation and specifically attacked the idea that the Federal Government should control any part of the enforcement of the law. Once States have submitted their programs and received approval from Interior, the individual States take over administration and enforcement of the law. The Federal Government role is limited to backup enforcement, once again delegated to the Interior Department.

The key factor in bringing the strip mining issue before Congress has been the dismal failure of State regulatory efforts. Yet this bill gives these same States control—West Virginia for example rejected only 4 of 402 applications for strip mining permits during 1974. The only way to get any kind of effective enforcement is to pass a straight federally controlled bill granting full authority to the Environmental Protection Agency, which has extensive experience in water quality control, so essential to controlling the damage of strip mining.

Beyond this disastrous administrative setup, H.R. 25 has many additional flaws:

It only protects the rights of the surface landowner in cases where the coal is federally owned. It should require the written consent of the surface owner in all cases before strip mining can begin and should include protection for tenants;

It allows variances from the requirement to restore to original contour and to prevent dumping of spoil on the downslope for mountaintop removal operations, one of the most environmentally destructive techniques—section 515(c);

It contains an exception to the prohibition on dumping spoil on the downslope, for an undefined "initial block or short linear cut"—section 515(d)(1)—this could in effect allow wholesale dumping of spoil on the downslope resulting in landslides, erosion, sedimentation, and so forth. In recent mark-up the committee alleviated the problem slightly by requiring that dumping be "temporary" but this does not go far enough. My amendment to strengthen this provision was rejected;

The water quality control standards are poorly drafted and contain weak phrases such as "minimize the disturbance to the prevailing hydrologic balance" and "avoiding acid or other toxic mine drainage"—section 515(b)(10)—rather than clearly calling for the "prevention" of such drainage;

The bill fails to provide adequate protection for aquifers—there is no prohibition on mining coal seams which serve as aquifers;

Restrictions on mining near homes, cemeteries, and roads are weak—if the operator holds a "valid existing right" he can then ignore the restrictions—section 522(e)(5);

Bill fails to prohibit strip mining on national grasslands, and only protects national forests. It is unfortunate the strengthening amendments to these sections were rejected;

Standards for controlling the surface effects of underground mines are loaded with qualifying phrases such as "to the extent economically feasible" and "to the extent practicable"—section 516(b);

The reclamation fee, while a sound concept, does not adequately deal with the need for a differential tax on strip and deep mined coal to help equalize the costs between them—present differential is 35 cents strip—10 cents deep—section 401(d)—the earlier Seiberling-Dent proposals would have made it $1.50 to $2.50 strip versus 25 cents deep;

The preamble to the bill sets the tone, it states the purpose as "minimize so far as practicable the adverse social, economic, and environmental effects of such mining operations"—section 101(d);

The bill exempts anthracite strip mining from the environmental protection standards, instead requiring only compliance with existing State laws;

Bill initially failed to prohibit strip mining of alluvial valley floors—river valleys—in the Western States, but I am pleased that the Evans amendment cured this defect.

Nevertheless, it is quite clear to me that this bill is unacceptable in its present form, because it raises false hopes—particularly among the people of the mountains who have suffered the most damage from strip mining.

I indicated that I felt the following amendments were necessary in order to strengthen the bill sufficiently to make it effective and worth supporting:

First. No new permits for mining on steep slopes above 20 degrees—including mountaintop removal techniques—after the date of enactment and all existing steep slope operations—20 degrees—

halted at the end of the interim period—30 months. Spellman amendment rejected.

Second. No strip mining in alluvial valley floors—river valleys—in the Western States. Evans amendment adopted.

Third. Shift the Federal role in enforcement from the Department of the Interior to the Environmental Protection Agency. Dingell and Ottinger amendments rejected.

Fourth. Prohibit the use of coal wastes, fines and slimes as construction materials in coal waste impoundments. Hechler amendment adopted.

Fifth. Prohibit the dumping of the first cut in steep slope operations during the interim period—before amendment (1) takes effect for existing operations on steep slopes. Hechler amendment rejected.

Sixth. Prohibit strip mining in national grasslands. Blouin amendment rejected.

Seventh. Require the burial and compaction of toxic materials. Gude amendment adopted.

The most important amendment to the bill was the Spellman amendment, which unfortunately was rejected. Once this steep slope amendment was defeated, I felt obliged to vote against H.R. 25, despite some good provisions which were added on the floor.

The CHAIRMAN. Are there additional amendments?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SMITH of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the Committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

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

Mr. UDALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 333, nays 86, not voting 13, as follows:

[Roll No. 61]

YEAS—333

Abdnor	Eckhardt	Lehman
Abzug	Edgar	Lent
Adams	Edwards, Ala.	Levitas
Addabbo	Edwards, Calif.	Litton
Ambro	Eilberg	Lloyd, Calif.
Anderson, Calif.	Emery	Lloyd, Tenn.
Anderson, Ill.	English	Long, La.
Andrews, N.C.	Erlenborn	Long, Md.
Andrews, N. Dak.	Esch	Lujan
Annunzio	Eshleman	McClory
Armstrong	Evans, Colo.	McCloskey
Ashley	Evans, Ind.	McCormack
Aspin	Fascell	McDade
AuCoin	Fenwick	McFall
Badillo	Findley	McHugh
Bafalis	Fish	McKay
Baldus	Fisher	McKinney
Barrett	Fithian	Macdonald
Baucus	Flood	Madden
Beard, R.I.	Florio	Madigan
Bedell	Flowers	Maguire
Bell	Foley	Mann
Bennett	Ford, Mich.	Martin
Bergland	Ford, Tenn.	Matsunaga
Biaggi	Forsythe	Mazzoli
Biester	Fountain	Meeds
Bingham	Frenzel	Melcher
Blanchard	Frey	Metcalfe
Blouin	Fulton	Meyner
Boggs	Fuqua	Mezvinsky
Boland	Gaydos	Mikva
Bolling	Giaimo	Miller, Calif.
Bonker	Gibbons	Miller, Ohio
Brademas	Gilman	Mineta
Breaux	Goodling	Minish
Breckinridge	Gradison	Mink
Brinkley	Grassley	Mitchell, Md.
Brodhead	Green	Mitchell, N.Y.
Brooks	Gude	Moakley
Broomfield	Hagedorn	Moffett
Brown, Calif.	Haley	Mollohan
Brown, Mich.	Hall	Moorhead, Calif.
Brown, Ohio	Hamilton	Moorhead, Pa.
Broyhill	Hanley	Morgan
Buchanan	Hannaford	Mosher
Burgener	Harkin	Moss
Burke, Calif.	Harrington	Mottl
Burke, Fla.	Harris	Murphy, Ill.
Burke, Mass.	Harsha	Murphy, N.Y.
Burlison, Mo.	Hastings	Murtha
Burton, John	Hawkins	Myers, Pa.
Burton, Phillip	Hays, Ohio	Natcher
Carney	Heckler, Mass.	Neal
Carr	Hefner	Nedzi
Carter	Heinz	Nichols
Chappell	Helstoski	Nix
Chisholm	Henderson	Nolan
Clancy	Hicks	Nowak
Clausen, Don H.	Hightower	Oberstar
Clay	Hillis	Obey
Cleveland	Hinshaw	O'Brien
Cohen	Holland	O'Hara
Conte	Holtzman	O'Neill
Conyers	Horton	Ottinger
Corman	Howard	Patten
Cornell	Howe	Patterson, Calif.
Cotter	Hubbard	Pattison, N.Y.
Coughlin	Hughes	Pepper
D'Amours	Jacobs	Perkins
Daniels, Dominick V.	Jeffords	Peyser
Danielson	Johnson, Colo.	Pickle
Delaney	Johnson, Pa.	Pike
Dellums	Jones, Ala.	Pressler
Dent	Jones, N.C.	Preyer
Derrick	Jordan	Price
Devine	Karth	Pritchard
Diggs	Kasten	Quie
Dingell	Kastenmeier	Railsback
Dodd	Kelly	Rangel
Downey	Keys	Rees
Drinan	Koch	Regula
Duncan, Oreg.	Krebs	Reuss
du Pont	Krueger	Richmond
Early	LaFalce	Rinaldo
	Lagomarsino	Rodino
	Leggett	Roe
		Rogers
		Roncallo
		Rooney
		Rose
		Rosenthal
		Rostenkowski
		Roush
		Roybal
		Ruppe
		Russo
		Ryan
		St Germain
		Santini
		Sarasin
		Sarbanes
		Scheuer
		Schneebeli
		Schroeder
		Schulze
		Seiberling
		Sharp
		Shipley
		Shriver
		Shuster
		Sikes
		Simon
		Sisk
		Smith, Iowa
		Solarz
		Spellman
		Spence
		Staggers
		Stanton, J. William
		Stanton, James V.
		Stark
		Steed
		Steelman
		Steiger, Wis.
		Stratton
		Stuckey
		Studds
		Sullivan
		Symington
		Talcott
		Taylor, N.C.
		Thompson
		Thone
		Traxler
		Tsongas
		Udall
		Ullman
		Van Deerlin
		Vander Jagt
		Vander Veen
		Vanik
		Vigorito
		Walsh
		Weaver
		Whalen
		White
		Whitehurst
		Wiggins
		Wilson, Bob
		Winn
		Wirth
		Wolff
		Wright
		Wydler
		Wylie
		Yates
		Yatron
		Young, Fla.
		Young, Ga.
		Zablocki
		Zeferetti

NAYS—86

Archer	Guyer	Myers, Ind.
Ashbrook	Hammer-schmidt	Passman
Bauman	Hansen	Patman
Beard, Tenn.	Hechler, W. Va.	Poage
Bevill	Holt	Quillen
Bowen	Hutchinson	Randall
Burleson, Tex.	Hyde	Rhodes
Butler	Ichord	Roberts
Byron	Jarman	Robinson
Cederberg	Jenrette	Rousselot
Clawson, Del	Johnson, Calif.	Runnels
Cochran	Jones, Okla.	Satterfield
Collins, Tex.	Jones, Tenn.	Sebelius
Conable	Kazen	Slack
Conlan	Kemp	Smith, Nebr.
Crane	Ketchum	Snyder
Daniel, Dan	Kindness	Steiger, Ariz.
Daniel, Robert W., Jr.	Landrum	Stephens
Davis	Latta	Symms
de la Garza	Lott	Taylor, Mo.
Derwinski	McCollister	Teague
Dickinson	McDonald	Thornton
Downing	McEwen	Treen
Duncan, Tenn.	Mahon	Waggonner
Evins, Tenn.	Mathis	Wampler
Flynt	Michel	Whitten
Ginn	Milford	Young, Alaska
Goldwater	Montgomery	Young, Tex.
Gonzalez	Moore	

NOT VOTING—13

Alexander	Riegle	Wilson, Charles H., Calif.
Casey	Risenhoover	Wilson, Charles, Tex.
Collins, Ill.	Skubitz	
Fraser	Stokes	
Hébert	Waxman	
Mills		

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Stokes for, with Mr. Casey against.

Until further notice:

Mr. Alexander with Mr. Waxman.

Mr. Fraser with Mr. Charles Wilson of Texas.

Mr. Riegle with Mr. Risenhoover.

Mrs. Collins of Illinois with Mr. Mills.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. MINK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentlewoman from Hawaii?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF THE BILL H.R. 25

Mrs. MINK. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to correct punctuation, section numbers, and cross references in the engrossment of the bill (H.R. 25).

The SPEAKER. Is there objection to the request of the gentlewoman from Hawaii?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 4296, EMERGENCY PRICE SUPPORT FOR 1975 CROPS

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 310 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 310

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California (Mr. SISK) is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. DEL CLAWSON) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 310 provides for an open rule with 2 hours of general debate on H.R. 4296, providing target prices on 1975 crops.

The purpose of H.R. 4296 is to establish an emergency price support program for the 1975 crop for Upland cotton, wheat, feed grains, soybeans, and milk. The bill provides that Upland cotton loans may be extended at the option of the producer for an additional 8 months beyond the current 10-month period. The bill also requires the Secretary of Agriculture to adjust interest rates on CCC commodity loans quarterly to reflect the cost of money to the U.S. Government, and requires the Secretary to establish by regulation the same terms and conditions concerning interest and storage costs for Upland cotton loans as are currently in effect for grain.

H.R. 4296 also provides that the support price of milk shall be established at no less than 85 percent of the parity price and shall be adjusted by the Secretary at the beginning of each quarter. Such support prices shall be announced by the Secretary within 30 days prior to the beginning of each quarter.

Mr. Speaker, I urge the adoption of House Resolution 310 in order that we may discuss, debate, and pass H.R. 4296.

Mr. Speaker, this is an important matter for the consideration of the Congress. I realize that there are a variety of differing opinions as to what should be done in connection with some of the conditions that exists in American agriculture today. I think and would hope in the final analysis that we will all be motivated in casting our votes on this legislation toward that which we would consider to be in the best interest of our country.

I recognize that in dealing with the problems of American agriculture we sometimes become involved in sectional or geographical differences because of the difference in conditions in the districts from which we come.

I would have to say quite frankly that in my own State of California which, by the way is the largest agricultural State in the Nation, having the largest agricultural production of any State in the Union, that there is a great deal of feeling that this is not necessarily good legislation and that, in fact, the present Farm Act under which we are operating would probably be left better as it is for the time being. On the other hand, there are serious situations in some parts of the country and there are problems that are developing that could tend to substantially affect the economic well-being of our country.

In view of that fact that we are certainly in a recession, and I would say very close to a depression in certain sections of the country, it would be my hope, Mr. Speaker, as I say, that in the final analysis, regardless of our own particular problems within our own areas, and regardless of the fact that many of us come from areas where we have no agricultural production and we represent only consumers, that there would be a realization and a recognition that we all represent consumers. Every Member of this House represents approximately an equal number of American consumers, so that it is terribly important that we have a stable agricultural economy in this country in order to supply the food and fiber which is essential to our own domestic well-being as well as to supply a good portion of the world's needs in what is actually a shortage situation internationally.

So in the final analysis, Mr. Speaker, I would hope, as I say, that every one of us may be able to lay aside our own particular bias and look at this in an objective manner on the basis of what is best for America; for all the 213 million Americans.

Mr. Speaker, I want to commend the chairman, the gentleman from Washington (Mr. FOLEY) and the members of his committee, for the work they have done and the expeditious manner in which it has been handled.

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

Mr. Speaker, I am opposed to this bill and the rule which makes it in order.

This bill is bad for consumers, bad for farmers, and bad for taxpayers.

The bill is bad for consumers, because the increase, according to USDA in the dairy price support will increase the price of milk by 8 cents per gallon, the price of cheese by 10 cents per pound, and the price of butter by 20 cents per pound. Consumers have already been hit hard enough by price increases. This bill will only worsen the plight of the consumer.

The bill is bad for farmers. For example the increase in the support price will hurt rather than help the dairy farmers, because it will lead to a drop in consumption of dairy products estimated at about 1 billion pounds this year.

The bill is bad for the taxpayers because the increase in target price levels means that taxpayers will begin paying certain farmers if market prices slide below the target price. Under this bill taxpayers can, according to dissenting opinions, reasonably expect to pay $882,000,000 more this year than they would under the basic 1973 law.

Mr. Speaker, recently I received a letter from the president of the American Farm Bureau Federation opposing this legislation. The last few sentences in that letter sum up the problems in this bill. Let me quote them:

> From this analysis of H.R. 4296, it is clear that—taken in its entirety—this bill is not consistent with Farm Bureau policy.
>
> H.R. 4296 provides the basis for the accumulation of stocks in government held hands and a return to the old days when farmers were forced to compete with the Commodity Credit Corporation for markets.
>
> H.R. 4296 has the potential for substantial program costs to the federal government in a period when deficit spending and inflation already are a serious threat to our economy.
>
> H.R. 4296 is not in the best interest of farmers, taxpayers, or consumers; therefore, we urge you to vote against passage of this legislation.

Mr. Speaker, this bill is hasty and ill conceived. It should be rejected and sent back to the committee for a careful and thorough reexamination.

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

Mr. DEL CLAWSON. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

Mr. Speaker, I want to take this opportunity to commend the gentleman from California for a very forceful and sound statement. I want to associate myself with his remarks.

After the long and arduous fight that we made here in the House to put our farm program in some sane type of form, now we are going to undo it all with this bill here. This has to go down in history as one of the worst stinkers that ever came into the House.

Mr. DEL CLAWSON. I thank the gentleman from Massachusetts. The gentleman from Massachusetts has led the fight for a long, long time in trying to do away with the farm subsidies or get them reduced. This is going in a backward direction.

Mr. CONTE. Mr. Speaker, this bill, providing artificially high price support

levels for selected farm crops, is a bad bill. I urge my colleagues to defeat this bill by voting down the rule.

This bill is full of boondoggles and loopholes. It is a ripoff on the consumer. A raid on the Federal Treasury, another squeeze on the utter existence of dairy farmers, and an unwarranted bail out for big cotton growers.

For consumers, this bill will raise food and fiber prices by $4 billion this year. During this period of recession and unemployment, such a price hike is unconscionable.

Pork prices will zoom up by 10½ cents a pound. Beef prices will rise by 4½ cents a pound. Eggs will increase by a penny a dozen. Milk will go up 3 cents a gallon.

These price increases will follow because of the unnecessarily high price support levels for feed grains and wheat.

In addition, the taxpayer will also shoulder the cost of subsidies paid under this bill, which the committee estimates to be $882 million. Most of that will go to cotton.

But the raid on the Federal Treasury will just be the beginning. The high price support levels for wheat and cotton will price the American products out of their world markets. To unload surplus commodities, especially cotton, will require large export subsidies.

This bill would seriously endanger the welfare of dairy farmers in New England. One provision of this bill would raise the price support level for milk products. But dairymen will not be helped by higher prices. Every time dairy farmers raise prices, milk consumption drops.

To help dairymen, the Congress ought to be reducing the costs of their inputs—such as the cost of feed grains. This bill does just the opposite. It raises the price of feed grains, and threatens to make small dairy farmers price themselves out of the consumer market.

This bill also provides an unconscionable bail out for big cotton growers. Domestic demand for this fiber has dropped by one-third over the past year. A consequence of the recession. But cotton production has not dropped accordingly. Cotton surpluses now glut American markets—and world markets as well. But farm shortages throughout the world abound. The world now needs food, not cotton.

But this bill provides incentives, especially in the form of high loan levels, to grow more cotton than is needed.

H.R. 4296 is full of other boondoggles and loopholes. It is a bad bill.

I urge my colleagues to defeat the rule.

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

Mr. DEL CLAWSON. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

I think it is very, very important that we have accurate facts in this House to which I am a new Member. The figures have been quoted that this would increase the price of raw milk by 2 cents per quart, 20 cents per pound for butter, and it is generally understood by most people likely that that figure would apply at this time. I have met with the Department of Agriculture yesterday. I met with them today.

They freely admit that those figures are what they think the cost would be in the first quarter of 1976 as compared to the prices at this time and at least half of those increases have to be considered because of the inflation that is going to occur.

When they figure the price of butter at 20 cents, when we produce butter we produce two products, the nonfat dry milk and butter. In past history they have applied half the cost of the increase to nonfat dry milk and half the increase to butter. This time they apply the whole increase to butter. If we figure it that way it puts the difference at 4½ cents per pound.

I think we should have accurate figures in this House as we consider this bill.

Mr. DEL CLAWSON. Mr. Speaker, I thank the gentleman for his comment. My source was the U.S. Department of Agriculture.

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

Mr. DEL CLAWSON. I yield to the gentleman from California such time as he may consume.

Mr. KETCHUM. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I have spent half my life in farming and I agree with the gentleman from California, this bill is a bummer and I think the gentleman is right.

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

Mr. DEL CLAWSON. I yield to the gentleman from Illinois (Mr. FINDLEY) such time as he may consume.

Mr. FINDLEY. Mr. Speaker, I thought it was interesting the gentleman from Iowa would cite the Department of Agriculture in disputing its own figures. I have in my hand a document provided to me by the ASCS which I will include in the RECORD at this point, which is dated March 18, 1975, which of course is today. It is headed "Estimated Effects of Increasing the Support Price for Manufacturing Milk to 85 Percent of Parity, Adjusted Quarterly, for the 1975–76 Marketing Year." The document follows:

ESTIMATED EFFECTS OF INCREASING THE SUPPORT PRICE FOR MANUFACTURING MILK TO 85 PERCENT OF PARITY, ADJUSTED QUARTERLY, FOR THE 1975–76 MARKETING YEAR

The support price for manufacturing milk would increase from $7.24 per hundredweight to a projected $7.91 on April 1, 1975, and to $8.19 by January 1, 1976, the last quarter of the 1975–76 marketing year.

This 95 cent per hundredweight increase in support by January 1, 1976, is estimated to be equivalent to the following increases in consumer prices:

Fluid whole milk—4 cents per half gallon.
Butter—20 cents per pound.
Cheese—10 cents per pound.

The above estimates generally assume that all factors will remain equal. For example, no projection is made of what will happen to premium prices negotiated by cooperatives over Federal order minimum prices. Also, it is assumed that increases in CCC purchase prices for butter and cheese will result in equal increases in retail prices.

In addition, insofar as the butter-powder operation is concerned, it was assumed that all of the increase in support would be applied to the CCC butter purchase price and none to nonfat dry milk. The reason for this is that nonfat dry milk purchase prices (and market prices) have been increased substantially over recent years while those of butter have remained relatively stable. As a consequence, CCC purchases of nonfat dry milk have increased greatly, totaling 365 million pounds since April 1, 1974. On the other hand, purchases of butter totaled 77 million pounds. All of the butter can be used in the school lunch program, but only 50 million pounds of nonfat dry milk can be used in domestic programs.

The cost of the program to the taxpayer for the marketing year beginning April 1, 1975, is estimated to be about $160 million more at 85% of parity adjusted quarterly than at the $7.25 per hundredweight level already announced.

In this document, as the Members see, it is set forth that the estimated effect of the bill that it now before this Chamber would be to increase the price of fluid whole milk by 4 cents per half gallon, butter by 20 cents a pound, and cheese by 10 cents a pound.

I do not know where we can go to get more authoritative estimates on the effect of the bill.

If the gentleman who raises the question could supply this Chamber with hearings of the House Committee on Agriculture conducted in order to lay a foundation for this recommendation, it would be one thing, but these hearings frankly do not exist. Not 10 seconds of hearings were held by the Committee on Agriculture on the dairy section.

I think it is very natural and reasonable and proper that in the absence of official hearings by the House Committee on Agriculture on the effect of the dairy section, that we would look to the dairy division of the USDA, and the USDA dairy division does very clearly testify to and support the argument that the gentleman quoted, which is that this bill will result in a substantial increase in cost to the consumers of diary products.

But that is not the whole story. The fact is it would also increase Government costs.

Mr. Speaker, in evaluating this so-called Emergency Act, I would simply like to ask my colleagues:

Does it make sense to increase dairy price supports—in any amount—when consumers are already rebelling over the price of milk?

Does it make sense to increase those supports when the inevitable result will simply be to move more butter, cheese, and nonfat dry milk into Government stocks?

Does it make sense to increase loan levels on cotton when to do so will immediately price that crop out of the world market? In the 1973 farm bill, we very properly tied cotton loan levels to the world market; now we are about to untie them, and make it impossible for us to compete. Does not that seem a bit illogical?

Does it make sense to increase cotton loan levels, just so the big cotton farmers do not get caught by the $20,000 payment limitation we enacted in 1973?

Does it make sense to pass a bill that is going to stick the U.S. taxpayer with a multibillion-dollar price tag 2 or 3 years down the road? The proponents say, of course, that it is only a 1-year bill, but do you really think this body will permit those target prices and loan levels to go down next year? Of course, not. We will be asked to raise them again a year from now.

Does it really make sense to establish a big, attractive price umbrella for farmers in other countries? It is great for them, but not so good for our farmers—or for our balance of trade.

This creates a $4 price umbrella under which soybean growers in Brazil and elsewhere can compete with our farmers.

Does it make sense to have arbitrary loan levels, completely unrelated to world prices? What a beautiful way to destroy the $22 billion agricultural export market we have developed in the past few years. Yes, we can retain those markets even with noncompetitive loan rates, providing the taxpayers are willing to pick up the tab through export subsidies.

Does it make sense to jeopardize our competitive position in agricultural exports at the very time that high oil prices are tearing down the value of the dollar? If farm exports decline, are we prepared to pay even more for that oil, and everything else we import?

Does it make sense to raise target and loan prices on cotton when world textile markets are in a shambles and we already have too much cotton? Farmers plan now to grow less cotton this year than last, and more soybeans. This bill will undoubtedly reverse those plans. Does that make sense when we really ought to have more soybeans and less cotton? Do we really want to discourage a shift of additional land into food crops?

Are farmers ready to have the Government again tell them what, where, and how to farm? That may not happen in 1975 under this bill, but just wait another year or so.

Nationwide, grain farmers had their best years ever in 1973 and 1974. Farm income hit an all time high in 1973 and 1974 was right behind. Yet this bill includes all grain farmers, and adds soybean producers—for the first time—just for good measure. Just what is this "emergency" that grain farmers are experiencing? Is it an emergency if they do not experience an all-time high in income?

No, the bill does not make sense at all, does it? It should never have been brought to the floor and it ought to be sent back to committee.

Mr. DEL CLAWSON. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I join the gentleman in his opposition to this rule and the bill.

Ordinarily I support adoption of the rule. I think in most cases it is appropriate to amend and improve the bills. I do not think this bill can be improved, because nothing we can do on this floor is going to change the basic thrust of this bill.

I would remind many of my colleagues, especially the newer ones who were elected in the last year on the basis of protecting the consumers, to think whether they really are going to protect the consumers by adopting this bill.

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

Mr. CONTE. Mr. Speaker, I want to ask the gentleman from California a question. Is this really the same Congress which 2 weeks ago was pleading for the little guy, pleading to give him a $20 billion reduction in his income tax, and which now wants to put the boot to the consumer in raising the price of cotton and milk and everything else? Is this the same Congress? I cannot figure it out.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I would like to associate my comments with the statements of the gentleman in the well. I think it is quite well-known that I do not come from a farming area; I do represent a consumers point of view.

I feel, very truly, that the consumers will only be satisfied if we devise a fair program for the farmer. Obviously, we have to maximize production of farm materials, not only for our own consumption, but for the use of others in the world, who happen to be starving in many, many sectors of the globe.

I feel the real problem of this legislation is that it is ill-considered and ill-conceived. It will embark this Congress and this country on a treacherous policy which will be ultimately unfair to the farmer, it will be unfair to the consumer and it will be unfair to the taxpayer.

There has been wide ranges of estimates, in terms of taxpayer impact, ranging from $3 to $4 billion or $5 billion or $6 billion. We have heard the assessment of the Department of Agriculture, in terms of the impact of the dairy supports on the cost of butter, cheese, and so forth. Its projected increases are substantial.

One point that has not been raised is that the dairy section bill contains a provision which will provide and allow for a quarterly adjustment. Not only will the consumers pay more, but they will pay more on a quarterly basis, thereby passing on the increases much faster and making the burden that much greater.

It may be that increases in support levels are necessary, and I will support legislation that will give the farmer what he really needs to keep producing. The question here is how are these particular support levels in H.R. 4296 justified?

The committee has not heard from all sectors of the economy which will be affected by higher supports. I do not believe that we can legislate equitably for the farmer, the taxpayer, and the consumer in the absence of data to support increases.

The fact is that the consumer's interest has not been considered by the committee, and that the long-range effects of these increases have not been charted. This is not the way to legislate a sound and fair agriculture policy.

Mr. DEL CLAWSON. Mr. Speaker, I have no further requests for time. I reserve the balance of my time, however.

Mr. SISK. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, the gentleman from New York says sugar prices have come down from a high. I remind the Members that for 20 years we had stable sugar prices in this country when the Government was negotiating contracts with the importers. Talk about the middle man—the cartel is there now, and the sugar prices are three times as high as before they defeated that sugar bill. And he was one of those who spearheaded the opposition.

How many times do the consumers have to be beat over the head before you stop taking advice like that?

We have about 200,000 jobs involved in this bill. We are supposed to be trying to find jobs. We want to keep people on the job. Farmers are canceling their farm machinery orders. They are canceling their orders for chemicals that are made in New Jersey, they are canceling their orders for the electrical motors that are made in Connecticut. They are canceling a lot of orders, because they do not have any confidence in the market. They need some insurance.

I say to the Members that the sound thing to do is to keep some people on the job, and that this involves at least 200,000 urban jobs. In addition to that, I point out this: Talking about cotton, I do not have a stalk of cotton in my district, but I know when this economy turns around that if we do not have some cotton in storage there is not going to be any for our textile mills to operate. You can bet your bottom dollar that Taiwan and the rest of textile importers are stocking up on cotton. They are going to be ready, when the economy turns around, so that they can make textiles.

In addition to that, let us examine this whole thing about this bill costing so many billions of dollars, it is the same argument used every time there is a minimum wage bill up here.

What is really important is what is fair. Even if it does cost a little more, maybe 2 more cents on a quart of milk, it is still 85 percent of what is fair, 85 percent of what the same people would get with the same investment at the same time if they had an urban job. This bill is needed to provide the confidence necessary so producers will buy inputs and provide urban jobs.

What we should aim at is what is fair.

Mr. SISK. Mr. Speaker, I yield 3 minutes to the gentleman from Montana (Mr. MELCHER).

Mr. MELCHER. Mr. Speaker, charges that this bill would drive up consumer costs of foods are highly inaccurate. What are the facts on producers' income, as compared to the prices a housewife

has to pay in a supermarket as she buys her food?

The farmers' and ranchers' share of the food dollar has dropped from 50 cents and above to less than 40 cents in January of this year. The middlemen have increased their take from 50 percent to 60 percent. The price spread reports for January show that although the farm value of a pound of beef is down 21 percent, the retail price has dropped only 7 percent and the take between the farmer and the consumer has increased 21 percent, more than one-fifth.

Because it is particularly important in relation to this bill, I call attention to the fact that in the last year the farm value of wheat in the price of a loaf of white bread has dropped 24.6 percent—that is about one-fourth—but the retail price has gone up 16.9 percent, or about one-sixth. These figures, mind you, are out of the January report of the Department of Agriculture.

If we drop down to the grains loan rates in this bill, the basic cost of the food ingredient will drop also. I do not know how much, because I do not know how much the middlemen will absorb. But it is true, as we envision this bill, that if the market price for grains drops to the loan rates on grains, surely the consumer ought to be getting a better deal for food products made out of wheat or livestock and dairy products that are produced that use grains.

Mr. Speaker, I believe the wheat loans, which are the basic payments under the market for wheat producers, are much too low in this bill. If we truly want to be helpful to both the consumers and the producers, we would raise those loan rates to insure maximum production and to insure that the producer receives at least enough to cover his cost of production.

In doing so, mind you, we would reduce the exposure or the possibility of liability on the Treasury for making up the difference between the loan rates and the target prices. We would reduce Federal liability for possible Government expenditures.

Mr. Speaker, all the talk about the high cost of food and the consumer being gouged by this bill surely does not apply to the grain sections, and particularly to wheat. Certainly it does not apply to livestock and poultry, because if the loan rates are low for wheat and feed grains and prices go as low as the loan rates are in this bill, which is the basic peg or the basic bottom under the market, then surely consumers are going to get a break and they are going to get it at the expense of producers.

Mr. SISK. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. PHILLIP BURTON).

Mr. PHILLIP BURTON. Mr. Speaker, I rise in support of the rule.

Our Democratic Party is proud of the fact that we have a rural-urban partnership. Our colleagues from the agricultural areas are now merely asking us at this juncture for one thing: An opportunity that the merits of their case can be heard and weighed. That is all that is being asked when we vote "aye" on the rule.

Tomorrow we can talk about the merits. We can talk about the fact that in the last 10 months farm labor minimum wages have gone up 50 cents an hour. Tomorrow we can talk about the time when we last listened to the siren song of the so-called consumer advocates. We can talk about the fact the sugar bill was narrowly defeated and sugar prices skyrocketed for every household in this country.

We have no apologies to make as Representatives for urban areas for seeing that economic justice is also passed on to our fellow Americans in the rural areas.

Mr. Speaker, I am known as being somewhat of an election expert. There has not been one single urban or suburban Democrat who supported the farm bill in the seven terms I have been here who has ever been defeated—I repeat—who has ever been defeated by a Republican.

Mr. Speaker, let me tell the Members something else. With this unbelievable dormant Republican attitude toward rural America, we are picking up seats by the dozens in the rural areas.

We are going to vote today to see that rural America gets a fair shake on the floor tomorrow by voting "yes" on the rule.

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

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken.

Mr. CONTE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 369, nays 35, not voting 28, as follows:

[Roll No. 62]

YEAS—369

Abdnor	Boggs	Chappell	Downey	Kindness	Reuss
Abzug	Boland	Clausen,	Downing	Koch	Rhodes
Adams	Bolling	Don H.	Drinan	Krebs	Richmond
Addabbo	Bonker	Clay	Duncan, Tenn.	Krueger	Risenhoover
Ambro	Bowen	Cochran	du Pont	LaFalce	Roberts
Anderson, Ill.	Brademas	Cohen	Eckhardt	Landrum	Robinson
Andrews, N.C.	Breaux	Collins, Tex.	Edgar	Latta	Rodino
Andrews, N. Dak.	Breckinridge	Conyers	Edwards, Ala.	Leggett	Roe
Annunzio	Brinkley	Corman	Edwards, Calif.	Lehman	Rogers
Archer	Brodhead	Cornell	Eilberg	Levitas	Roncalio
Armstrong	Brooks	Cotter	English	Litton	Rooney
Ashley	Brown, Calif.	Coughlin	Esch	Lloyd, Calif.	Rose
Aspin	Brown, Mich.	Crane	Eshleman	Lloyd, Tenn.	Rosenthal
AuCoin	Brown, Ohio	D'Amours	Evans, Colo.	Long, La.	Rostenkowski
Badillo	Broyhill	Daniel, Dan	Evans, Ind.	Long, Md.	Roush
Baldus	Buchanan	Daniel, Robert	Evins, Tenn.	Lott	Rousselot
Baucus	Burgener	W., Jr.	Fascell	Lujan	Roybal
Bauman	Burke, Calif.	Daniels,	Fish	McCloskey	Runnels
Beard, R.I.	Burke, Fla.	Dominick V.	Fisher	McCollister	Ruppe
Beard, Tenn.	Burke, Mass.	Danielson	Fithian	McCormack	Russo
Bedell	Burleson, Tex.	Davis	Florio	McDade	Ryan
Bennett	Burlison, Mo.	de la Garza	Flowers	McDonald	Santini
Bergland	Burton, John	Delaney	Flynt	McEwen	Sarasin
Bevill	Burton, Phillip	Dellums	Foley	McFall	Sarbanes
Biaggi	Butler	Derrick	Ford, Mich.	McHugh	Satterfield
Biester	Byron	Derwinski	Ford, Tenn.	McKay	Scheuer
Bingham	Carney	Dickinson	Forsythe	McKinney	Schneebeli
Blanchard	Carr	Diggs	Fountain	Macdonald	Schulze
Blouin	Carter	Dingell	Frenzel	Madden	Sebelius
	Cederberg	Dodd	Frey	Maguire	Seiberling
			Fulton	Mahon	Sharp
			Fuqua	Mann	Shipley
			Gaydos	Martin	Shriver
			Giaimo	Mathis	Shuster
			Gibbons	Matsunaga	Sikes
			Gilman	Mazzoli	Simon
			Ginn	Meeds	Sisk
			Goldwater	Melcher	Slack
			Gonzalez	Metcalfe	Smith, Iowa
			Goodling	Meyner	Smith, Nebr.
			Grassley	Mezvinsky	Snyder
			Green	Mikva	Solarz
			Guyer	Miller, Calif.	Spellman
			Hagedorn	Miller, Ohio	Spence
			Haley	Mineta	Staggers
			Hall	Minish	Stanton,
			Hamilton	Mink	J. William
			Hammer-	Mitchell, Md.	Stanton,
			schmidt	Mitchell, N.Y.	James V.
			Hanley	Moakley	Stark
			Hannaford	Moffett	Steed
			Hansen	Mollohan	Steelman
			Harkin	Montgomery	Steiger, Ariz.
			Harris	Moore	Steiger, Wis.
			Harsha	Moorhead,	Stephens
			Hastings	Calif.	Stratton
			Hawkins	Moorhead, Pa.	Stuckey
			Hayes, Ind.	Morgan	Studds
			Hays, Ohio	Mosher	Symington
			Hechler, W. Va.	Moss	Symms
			Hefner	Mottl	Talcott
			Heinz	Murphy, Ill.	Taylor, Mo.
			Helstoski	Murphy, N.Y.	Taylor, N.C.
			Henderson	Murtha	Teague
			Hightower	Myers, Ind.	Thompson
			Hillis	Myers. Pa.	Thone
			Hinshaw	Natcher	Thornton
			Holland	Neal	Traxler
			Holt	Nedzi	Treen
			Holtzman	Nichols	Tsongas
			Horton	Nolan	Ullman
			Howard	Nowak	Vander Jagt
			Howe	Oberstar	Vander Veen
			Hubbard	Obey	Vigorito
			Hughes	O'Hara	Waggonner
			Hungate	O'Neill	Walsh
			Hutchinson	Ottinger	Wampler
			Ichord	Passman	Weaver
			Jarman	Patman	Whalen
			Jeffords	Patten	White
			Jenrette	Patterson, Calif.	Whitehurst
			Johnson, Calif.	Pattison, N.Y.	Whitten
			Johnson, Colo.	Pepper	Wiggins
			Johnson, Pa.	Perkins	Wilson, Bob
			Jones, Ala.	Pickle	Winn
			Jones, N.C.	Pike	Wirth
			Jones, Okla.	Poage	Wolff
			Jones, Tenn.	Pressler	Wright
			Jordan	Preyer	Yates
			Karth	Price	Yatron
			Kasten	Pritchard	Young, Alaska
			Kastenmeier	Quie	Young, Ga.
			Kazen	Railsback	Young, Tex.
			Kemp	Randall	Zablocki
			Ketchum	Rees	Zeferetti
			Keys	Regula	

NAYS—35

Anderson, Calif.	Bell	Cleveland
Ashbrook	Broomfield	Conable
Bafalis	Clancy	Conlan
	Clawson, Del	Conte

Devine	Heckler, Mass.	O'Brien
Early	Hyde	Peyser
Emery	Kelly	Quillen
Erlenborn	Lagomarsino	Rinaldo
Findley	McClory	St Germain
Gradison	Madigan	Vanik
Gude	Michel	Wydler
Harrington	Milford	Young, Fla.

NOT VOTING—28

Alexander	Hicks	Udall
Barrett	Jacobs	Van Deerlin
Casey	Lent	Waxman
Chisholm	Mills	Wilson,
Collins, Ill.	Nix	Charles H.,
Dent	Rangel	Calif.
Duncan, Oreg.	Riegle	Wilson,
Fenwick	Schroeder	Charles, Tex.
Flood	Skubitz	Wylie
Fraser	Stokes	
Hébert	Sullivan	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Duncan of Oregon.

Mr. Charles H. Wilson of California with Mrs. Chisholm.

Mr. Dent with Mrs. Fenwick.

Mr. Stokes with Mr. Flood.

Mr. Casey with Mr. Hicks.

Mrs. Collins of Illinois with Mr. Wylie.

Mr. Waxman with Mr. Van Deerlin.

Mr. Alexander with Mr. Skubitz.

Mr. Barrett with Mrs. Schroeder.

Mrs. Sullivan with Mr. Nix.

Mr. Udall with Mr. Mills.

Mr. Rangel with Mr. Lent.

Mr. Fraser with Mr. Jacobs.

Mr. Charles Wilson of Texas with Mr. Riegle.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MICHEL. Mr. Speaker, I ask unanimous consent that all Members may be permitted to revise and extend their remarks on the rule (H. Res. 310) just passed.

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

There was no objection.

REFERRAL OF H.R. 49 TO COMMITTEE ON ARMED SERVICES

The SPEAKER. Pursuant to clause 5, rule X, the bill, H.R. 49, reported today by the Committee on Interior and Insular Affairs, is referred to the Committee on Armed Services for a period ending not later than April 19, 1975. This action is taken in accordance with the rules of jurisdiction specified in rule X, clause 1, and at the request of the chairman of the Committee on Armed Services.

RESIGNATION AS MEMBER OF COMMITTEE ON SMALL BUSINESS

The SPEAKER laid before the House the following communication, which was read:

WASHINGTON, D.C.,
March 18, 1975.

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

DEAR MR. SPEAKER: I hereby submit my resignation from the Committee on Small Business.

With best wishes,
Sincerely,

DAVE EVANS,
Member of Congress.

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

There was no objection.

RESIGNATION AS MEMBER OF COMMITTEE ON BANKING, CURRENCY AND HOUSING

The SPEAKER laid before the House the following communication, which was read:

WASHINGTON, D.C.,
March 18, 1975.

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

DEAR MR. SPEAKER: I herewith submit my resignation from the Committee on Banking, Currency and Housing.

Sincerely,

ANDREW MAGUIRE.

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

There was no objection.

PERSONAL EXPLANATION

Mr. DENT. Mr. Speaker, due to a sore foot I have been slow in coming to the Chamber and also because one of the subway cars has been out of business for about 2 months, so I failed to make the rollcall, but if I had been here I would have voted "aye."

The SPEAKER. The gentleman's statement will appear in the RECORD, his full explanation.

ADDRESS BY PRESIDENT GERALD R. FORD AT UNIVERSITY OF NOTRE DAME

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and include extraneous material.)

Mr. BRADEMAS. Mr. Speaker, yesterday, March 17, 1975, together with my distinguished colleagues from Indiana, Senators VANCE HARTKE and BIRCH BAYH, I had the privilege of accompanying the President of the United States to South Bend, Ind., and the University of Notre Dame, in the congressional district I have the honor to represent.

I was pleased to have been present yesterday on the occasion of the awarding to the President at a special academic convocation of an honorary doctor of laws degree by the Reverend Theodore M. Hesburgh, C.S.C., president of the University of Notre Dame.

President Ford delivered on this occasion what, in my judgment, was a most significant and constructive address in which he stressed the importance of greater attention to moral and intellectual leadership in our country, the significant role of the universities in our national life, and the need for the United States to support humanitarian aid and development assistance to the poor countries of the world.

Mr. Speaker, because I thought the President's address at the University of Notre Dame was a splendid one, I ask unanimous consent to insert the text of it in the RECORD as well as the remarks of Father Hesburgh, the honorary degree citation, and certain newspaper reports concerning the President's appearance in Indiana.

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

There was no objection.

The material referred to follows:

FATHER HESBURGH'S OPENING COMMENTS AT THE SPECIAL ACADEMIC CONVOCATION HONORING PRESIDENT GERALD R. FORD AT THE UNIVERSITY OF NOTRE DAME, MONDAY, MARCH 17, 1975

Mr. President, Dr. Ford, Governor and Mrs. Bowen, Senators Hartke and Bayh, Congressman Brademas, distinguished colleagues from 30 universities and colleges in the State of Indiana and Ohio, your Excellencies, distinguished faculty and trustees of Notre Dame and Saint Mary's, and the greatest student body on earth, Happy Saint Patrick's Day and all Blessings. Mr. President, on behalf of all these people, we welcome you to Notre Dame and we welcome you as an honored member of this Notre Dame family.

My dear friends, this occasion is perhaps more historic than most of you think, and let me say why. In the year 1836, an Indian Chief from the Potawatomi tribe centered here at the place now called Notre Dame, travelled all the way to Detroit, Michigan and there he encountered and sought out a Father Badin who was visiting with a Pere Richard who happened to be the co-founder of our guest's University, his alma mater, the University of Michigan, and also the first Catholic priest to serve in the Congress of the United States from Michigan, as did for so many years our distinguished honoree this morning. He asked Father Badin if he would come to this spot a few hundred miles away and found a school for the Indians, the Potawatomies. He came, he founded the school and a few years later, to our national disgrace, the Potawatomi Indians were driven all the way to the Osage Territory of Oklahoma, and the school died and the place remained empty. Father Badin bought most of this land at auction, several hundred acres. He deeded it to whoever would come here and found a university. And in 1842, Father Sorin arrived amid the bad weather of November, on the Feast of Saint Andrew, and with one little log cabin and a few hundred dollars in his pocket, he called this place le Universite de Notre Dame du Lac.

And that, my friends, is Faith.

May I jump from that past to this future. For the past ten years, no President of the United States, not President Johnson, not President Nixon, set foot on a first-rate university campus. I would have to say to their credit that it wasn't entirely their fault. Universities are troublesome places because they're filled with people who think otherwise. But they are also places where people think and think day and night about the values that should characterize and give meaning to human life, about the values that should characterize and give honor and vision to our nation.

To people, this place is peopled by those who desire one thing, I believe, the good life, the life of the mind, and the life of the spirit, and honor and valor. It's a sad thing when there is a gulf between the government of a country and academia, its universities and colleges. And I think it is to his eternal credit that our guest this morning, our honoree, our President, has thrown a bridge across that gulf and he's not only thrown the bridge across, he has walked across that bridge to us and we honor him for that act and for the healing of this gulf between the universities and the colleges and our government, between the religious groups in our country and our government, between so many people who felt alienated and have come to see that under this man and his healing power, we can again be one nation under God with liberty and justice for all. The last time I spoke from this podium to many of you, I told you that in behalf of hundreds of millions of Protestants and

Jews and Catholics, I had requested our President that he add to the food going to the poor of the world 2 million tons and I have to say to you that shortly after that our President in late January did allocate 2 million tons, which was far above what he had recommended. And I have to say that he not only did that now so that it could move out immediately, but he also added 2 million tons to the budget for next year to take care of any future crisis.

One last point that was mentioned in the citation and which I'm sure attracted a few hoots and hollers, which is understandable to me because I'm used to them by now, I have scars to prove it. But what I would like to say is that he did something shortly after coming in to office that I believe his predecessor would never have done. And what he did was to open up a clemency program and people say it's not a very good program, and I say, compared to what. There was a program after World War II called President Truman's Clemency Program. They looked at 15,000 people and they granted less than ten percent clemency, 1300. This program has already granted clemency to three times that number. We have more than 12,000 waiting yet to be seen and of those who have come before the program, more than 95 percent have been granted clemency. And I say compared to that, that's a good program.

I want to say for all of us, Mr. President, that we are delighted that you graced this Saint Patrick's Day by coming to our midst. I know you have something important to say to us. I know that one does not introduce the President of the United States except to say, The President of the United States.

REMARKS OF THE PRESIDENT AT THE UNIVERSITY OF NOTRE DAME CONVOCATION, UNIVERSITY OF NOTRE DAME ATHLETIC AND CONVOCATION CENTER, MARCH 17, 1975, SOUTH BEND, IND.

Father Hesburgh, Governor Bowen, my goods friends and former colleagues in the Congress, Senator Birch Bayh, and Senator Hartke, Congressman John Brademas, distinguished public officials, honored faculty, members of the student body and distinguished guests—and I add our new Attorney General:

It is really a great privilege and a very high honor for me to have the opportunity of being in South Bend on the University of Notre Dame campus, but I am especially grateful for the honor that has been accorded me this morning. I really cannot express adequately my gratitude for being made a member of the Notre Dame family. I thank you very much.

I would be most remiss if I did not also express as strongly and as sincerely as I can the gratitude that all of us have in the government for the contributions that have been made, not only in the program described by Father Hesburgh, but by his many other contributions. I say to you, Father Hesburgh, thank you from the bottom of our hearts.

This has been a most exciting morning. As we were getting off the plane at the county airport, a rather amazing thing happened. Somebody asked me, "How do you get to the campus of the University of Notre Dame?" What made it so amazing—it was Father Hesburgh. (Laughter)

I especially want to thank Father Hesburgh for all he has done to make me and my party most welcome here today, and particularly for granting amnesty to the classes this morning.

It is also a rare opportunity for me to be at Notre Dame, the home of the Fighting Irish, on, of all days, St. Patrick's Day. I tried to dress appropriately and honestly, I have a green tie on. Let's face it, this is one day we can all be part of the greening of America.

As your next door neighbor from Michigan, I have always been impressed by the outstanding record of the students of the University of Notre Dame. You have always been leaders in academic achievement, in social concerns, in sports prowess, and now, once again, you are blazing new paths in the developments of new concepts in mass transportation.

Some communities have the mono-rail, some have the subway, Notre Dame has the quickie. (Laughter)

The Fighting Irish of Notre Dame have become a symbol of tenacity and determination of the American people.

But Notre Dame believes not only in might on the football field or on the basketball court, but in a spiritual response to humanity's struggles for a decent life.

I have been told many of you chose to go without a normal meal, eating only a bowl of rice to save money to help feed the world's hungry. It is heartwarming to know that students are concerned about others abroad at a time when many here at home are finding it difficult to afford an education or to get a job.

Although life is hard for many Americans, I am proud that we continue to share it with others. And that, in my opinion, is the measure of genuine compassion, and I congratulate you.

NOTRE DAME'S GREAT SPOKESMAN, FATHER HESBURGH

I am especially proud to be on a campus that looks up to God and out to humanity at a time when some are tempted to turn inward, and turn away from the problems of the world. Notre Dame's great spokesman, Father Hesburgh, is known in Washington as a non-conformist. I must admit that I do not share all of the Father's views, but he is following one non-conformist viewpoint to which I fully subscribe, and I quote, "Be not conformed to this world, but be ye transformed by the renewing of your mind, that ye may prove what is that good, and acceptable, and perfect, will of God.

To conform to apathy and pessimism is to drop out and to cop out. In that sense, I fully reject conformity. In that sense, I am a non-conformist who continues to be proud of America's partnership with other nations and who makes no apology for the United States of America.

America's goodness and America's greatness speak for themselves. I believe in this Nation and in our capacity to resolve our difficulties at home without turning our back on the rest of the world.

Let me share a personal experience. I was elected to the Congress in the aftermath of World War II. A non-partisan foreign policy was emerging at that time. America realized that politics must stop at the water's edge. Our fate was linked to the well-being of other free nations. We became the first Nation to provide others with economic assistance as a national policy. Foreign aid was an American invention or an American project of which we can be justifiably proud.

Today, as I look back, I am grateful for the opportunity to serve in our government during the third quarter of the 20th century. The past 25 years, while not perfect, were incomparably better for humanity than either of the two previous quarters of this century. There was no world war nor global depression. Major nations achieved detente. Many new nations obtained independence. There has been an explosion of hope, freedom and human progress at home as well as abroad.

AMERICA'S ROLE IN THE WORLD

America's role, considered in fair context, was a catalyst for change, for growth, and for betterment.

The Marshall Plan, unprecedented in world history, restored a war-ravaged Europe. Even earlier, United States relief and rehabilitation activities during World War II and assistance to Greece and to Turkey after the war had provided precedents and experience in America's overseas assistance.

In the same year that I came to Congress, 1949, President Truman advanced Point IV, an innovative and remarkable concept providing technical assistance to developing nations. It brought new American ideas and technology to people hitherto unable to benefit from advances in health, agriculture and education.

The Food for Peace Act, designed to use America's agricultural abundance to assist others, was a product of the Eisenhower Administration. In the late 1950s, we created the development loan program to help others help themselves. In 1961, the Congress established the Agency for International Development to consolidate and to administer the various activities and agencies. They were carrying out the will of the Congress and the President at that time.

Programs to help people in the developing countries are an expression of America's great compassion and we should be proud of them. But such aid is also part of the continuing effort to achieve an enduring structure of world peace. It is no longer a question of just the Third World. I am deeply concerned about the problems of the fourth world, the very poorest world where from 400 million to 800 million people suffer from malnutrition; where average per capita income is under $275 per year; where life expectancy is 20 years less than in the developing countries; where more than 40 percent of the children will never reach the age of five; where more than half of the population has never been to school.

Despite these problems, the economies of the developing countries have grown at an encouraging rate in the past ten years, thanks in part, I think substantial part, to American assistance. Manufacturing output increased 100 percent. Food production rose by over one-third. Enrollment in elementary schools doubled. Enrollment in secondary schools and colleges quadrupled.

TOO MUCH VIOLENCE

But population growth and increased demand collided with inflation and energy shortages. Gains in many, many instances have been wiped out. At the very time when our policy seeks to build peace with nations of different philosophies, there remains too much violence and too much threat to peace.

The Congress defined the role of foreign aid this way, and I quote from the legislation itself: "This freedom, security and prosperity of the United States are best sustained in a community of free, secure and prospering nations. Ignorance, want and despair, breed the extremism and violence which lead to aggression and subversion."

Those words, written by the Congress, I think are so accurate. If nations are to develop within this definition, they must be able to defend themselves. They must have assurances that America can be counted on to provide the means of security, their own security, as well as the means of sustenance.

People with affirmative vision of the future will not resort to violence. While we pursue a peaceful world in which there is unity and diversity, we must continue to support security against aggression and subversion. To do otherwise, in my judgment, would invite greater violence .

The United States, in this day and age, cannot avoid partnership with nations trying to improve the kind of world the children of today will face tomorrow. Recent events have demonstrated the total interdependence of all people who live on this planet.

The 1973 war in the Middle East showed that war confined to a limited region nevertheless has an economic impact, not only in South Bend, but in every corner of the world

Developing and developed countries are all part of a single interdependent economic system. This audience, I am told—and this student body includes many students from over 60 foreign countries, and I congratulate you, Father Hesburgh—let this demonstrate to all Americans that other people place a high valuation on what America has to offer. Let it demonstrate that the University of Notre Dame rejects what some call the new isolationism.

THE PROBLEM OF FOOD

Let me share with you a specific problem that Father Hesburgh mentioned in his introduction. When the World Food Conference met in Rome in the fall of 1974, I—as the newly chosen President—was faced with a very perplexing problem.

Food prices in America were over one-fifth higher than in the previous year. Food reserves, as reported by the Department of Agriculture, were dwindling. The corn crop and the other commodities were disappointing in 1974. There were concerns about higher prices among our own people.

Against this background, I was presented with several alternative estimates on how much we should spend for food for peace for those in other lands.

At the Rome conference, American spokesmen pledged that we would try our utmost to increase our food contribution, despite our own crop problems. As crop reports improved, I designated—as was mentioned by Father Hesburgh—a sum even higher than the highest option recommended to me at the time of the conference.

A factor in my own decision was your fine President, Father Hesburgh, and you should be thankful that you have a person who has such broad interests as he, as the President of your university.

A factor also in my judgment was that the program provided, and properly so, a reminder of America's moral commitment. Food for peace was increased from about $980 million to $1.6 billion. This will provide about 5.5 million tons of commodities, up from 3.3 million tons last year.

Most of the commodities will be wheat and rice, but also desperately required and also increased are blended foods used in nutritional programs for mothers and for infants.

The United States, fortunately, is no longer the only country aiding others, but we continue to lead—and we will—in providing food assistance. In 20 years of food for peace, we shipped over 245 million tons of wheat, rice and other grains, valued at roughly $23 billion.

Every American should be proud of that record. It is an illustration of the humane feeling and the generosity of the American people.

TECHNICAL ASSISTANCE TO EXPAND PRODUCTION

While food helps, only by technical assistance can emerging nations meet their needs. It has been often said, but I think it is appropriate at this time, that if a hungry man is given a fish, he can eat for one day, but if he is taught to fish, he can eat every day.

The greatest opportunity lies in expanding production in areas where production will be consumed. The world is farming only about one-half of the potential crop lands, yet there are insufficient farmer incentives in many countries, shortages of fertilizer, high fuel costs and inadequate storage and distribution systems.

The answers to the world food problem are to be found in interdependence. We can and will help other nations, but simplistic paternalism may do more harm than good. Our help must take the form of helping every nation to help itself, and we will.

I am particularly concerned about the problem of fair distribution. America believes in equality of opportunity. This Nation provides a showcase of change in providing better nutrition, education, health, to more and more people, including those who can least afford it.

Some nations have made excellent use of our assistance to develop their own capacities. Other governments are still struggling with the issue of equality of opportunity and fair distribution of life necessities.

Good world citizenship requires more than moralizing about the role others should take. It requires each nation to put its own house in order. Good American citizenship requires more than moralizations about what is wrong with the United States.

CHALLENGES

It requires personal involvement and action to bring about change. It requires voting and organizing and challenging and changing with the flexible and dynamic American political process.

Our system, by any standard, works, and will work better, and you can be a part of it.

The developing nations of the world are increasingly successful in bringing prosperity to larger numbers of their own people. In fact, the assistance we have provided these nations is not just a one-way street.

Thirty percent of U.S. exports are purchased by these developing nations, thereby obviously contributing to a better life for their people and jobs for ours. In cases where countries have the means, let them join in sharing with us, as they should.

Some have helped; others have not. We lead the way, and we will not shirk from future burdens, but all nations must cooperate in developing the world's resources.

We extend the hand of partnership and friendship to make a better world.

Another challenge facing the developing nations, as well as other nations, is to realize the need for peaceful accommodation with neighbors. An interdependent world cannot solve disputes by threat or by force.

People now and in the future depend on each other more than they sometimes realize. For example, we in America import between 50 and 100 percent of such essential minerals as cobalt, bauxite, nickel, manganese and others.

The challenge, as I see it, is for America and all other nations to take responsibility for themselves while building cooperation with each other.

The challenge is also the preservation of the freedom and dignity of the human individual throughout the world. Just as the world's nations can no longer go it alone, neither can the American people.

Woodrow Wilson said that "What we should seek to import in our colleges is not so much learning itself as the spirit of learning."

NO RESIGNATION FROM THE WORLD

Great universities that pursue truth face the challenge that confronts the entire American people. It is whether we will learn nothing from the past and return to the introversion of the 1930s, to the dangerous notion that our fate is unrelated to the fate of others.

I am convinced that Americans, however tempted to resign from the world, know deep in their heart that it cannot be done. The spirit of learning is too deeply ingrained. We know that wherever the bell tolls for freedom, it tolls for us.

The American people have responded by supplying help to needy nations. Programs, both government and the volunteer agencies, could not have been, and cannot be, reenacted without popular support. CARE and Catholic Relief Services, pioneers in Food for Peace programs, are feeding over 28 million people around the world right today. Protestant, Jewish and other groups are similarly involved at universities throughout the Nation.

Researchers seek answers to world problems. Right here in Indiana, Purdue University, scientists have made discoveries in high protein aspects of sorghum, a basic food of more than 300 million people in Asia and in Africa.

Not only the scientists at Purdue, but people throughout America, realize that no structure of world peace can endure unless the poverty question is answered. There is no safety for any nation in a hungry, ill-educated and desperate world.

TWO ARGUMENTS FOR FOREIGN AID

In a time of recession, inflation, and unemployment at home, it is argued that we can no longer afford foreign assistance. In my judgment, there are two basic arguments to the contrary.

First, foreign aid is a part of the price we must pay to achieve the kind of a world in which we want to live. Let's be frank about it. Foreign aid bolsters our diplomatic efforts for peace and for security. But secondly, and perhaps just as importantly, even with a recession, we remain the world's most affluent country and the sharing of our resources today is the right, the humane and the decent thing to do. And we will.

But just as we seek to build bridges to other nations, we must unite at home. This Administration wants better communication with the academic world and I express again my appreciation for the warmth of this reception.

But this communication must not just be a search for new technology, but for the human and spiritual qualities that enrich American life. In the future, fewer people must produce more. We must, therefore, unleash intellectual capacities to anticipate and solve our problems.

The academic world must join in the revival of fundamental American values. Let us build a new sense of pride in being an American.

Yes, you can make America what you want it to be. Think about that for just a moment, if you would. Is it really true? Yes, in my judgment, it is.

But there is a catch to it. You will never see it come true. Perhaps your children or your grandchildren will. What you can do is move America slowly, but surely, along the right direction.

Admittedly, today's America is far from perfect, but it is much closer to the America that my class of 1935 wanted than it was when I left the University of Michigan.

Today's America is a far better place than it was 40 years ago when the lingering shadows of worldwide depression were being blotted out by the darker clouds of worldwide war. My generation did not wholly save the world, obviously. But we did, to a degree, help to move it along in the right direction.

WENDELL WILLKIE OF INDIANA

We learned along the way that we are part of one world. The author of that phrase was a Hoosier, the first political candidate about whom I got personally involved enough to volunteer as a campaign worker. His name was Wendell Willkie.

Wendell Willkie, of Indiana, was never President, but he was right. He fought for what he believed in against almost impossible odds. In the last Presidential campaign before Pearl Harbor, he believed most deeply—too far ahead of his time, perhaps—that America must be part of one world. He lost the 1940 election but he helped unite America in support of the truth, which has been our non-partisan national policy since the Second World War, and I say with emphasis, there has been no third world war.

On the contrary, the prospects for long-range peace have slowly, but surely, improved.

THE TIDE OF HISTORY

Despite setbacks and current international problems, the standards of human life have been lifted almost everywhere. Yet, today, we hear another theme, that the tide of history is running against us, that America's

example of American leadership is neither needed nor heeded at the present time; that we should take care of ourselves and let the rest of mankind do likewise; that our domestic difficulties dictate a splendid selfishness that runs counter to all of our religious roots, as well as to all recent experience.

We are counseled to withdraw from one world and go it alone. I have heard that song before. I am here to say I am not going to dance to it. Nor do I believe this generation of young Americans will desert their ideals for a better nation and a better world.

You can and you will help to move America along in the right direction. Hopefully, you can do a better job than the Class of 1935, but while the Classes of 1975 and 1935 are still around, we have much to learn from each other.

We can renew the old American compact of respect for the conviction of others, in faith in the decency of others. We can work to banish war and want wherever they exist. We can exalt the spirit of service and love that St. Patrick exemplified in his day.

I am not alarmed when I hear warnings that the tide of history is running against us. I do not believe it for a minute because I know where the tide of history really is—on this campus, and thousands and thousands of others in the great country, and wherever young men and women are preparing themselves to serve God and their countries and to build a better world.

You are a part of the tide of this history, and you will make it run strong and true. Of that, I am sure.

Thank you, and the top of the morning to you.

FATHER HESBURGH'S CONCLUDING REMARKS

Mr. President, on behalf of all the people here present, I want to thank you for that word of optimism in a sea of pessimism that we all wallow in today. I want to thank you for a vision because without a vision the people perish, and you above all must give our nation that vision which you gave us today.

I thank you for coming to this place to renew America's commitment of altruistic interest and help to the poorer peoples of this world. I thank you for saying that peace is the work of justice and that we will be committed to justice.

And while I cannot speak for all of the universities and colleges in America, I think I can say from what I know of them that they are behind your vision, that they will follow you to the end of the earth to bring peace with justice and that they will work with you with all the intellectual moral fiber they have, with all of their scholarship on the faculty side, with all of the idealistic enthusiasm on the student side, that together we represent 9 million people committed to a better America, and the vision which you have given us this morning is one that we are behind solidly, wholeheartedly and generously, and we thank you for giving us that vision.

CITATION OF PRESIDENT FORD

Mr. Speaker, in the citation with the honorary doctor of laws degree conferred upon him yesterday by the University of Notre Dame, President Ford was described as "a man who has come to the presidency of our country in a way in which no other man ever has."

The citation, which was read by the provost of the university, the Reverend James T. Burtchaell, C.S.C., continues:

He came by appointment, not by election.

He came not at a time of national felicity, but as the result of what he himself described as "a national nightmare."

He came not at a time which welcomed consolidation—as had his hero, Dwight David Eisenhower—but at a time in which rapid changes teases our nation's response.

He came not at a moment of national unity, but at a moment where distrust had rent our political fabric.

But this is not to say he came to us without a mandate, one far more imperative than the voting margin of his predecessor.

Nor is it to say he came to us unprepared A political descendant of the Midwestern founders of his party, he was schooled 25 years in the exacting classroom of the House of Representatives, earning a reputation for the nonpartisan virtues of honesty and candor which served him well as minority leader in five Congresses.

His style—then and now—is one of simplicity, of directness.

Wedded more to principle than to expediency, it is nonetheless a style which listens—and is open to change.

It has eschewed the notion of an imperial presidency by implying that in a democracy, it is understood that common men are called upon to do uncommon things.

It is a style which can suffer the scourge of the middle ground, which can offer a Vietnam clemency program which is destined to satisfy the strict constructionists of neither the right nor the left, but still offers and has given a way back from a limbo of alienation to thousands of young people.

His challenges are enormous. We catalogue them on the pages of today's newspaper.

Yet all of us wish him well as he continues a quest, one for which his background suits him and one which is more important than any one issue.

The man we honor today wonders, necessarily aloud, "Can politics be a healing art." And we hope with him.

BINARY CHEMICAL WEAPONS—SOME QUESTIONS

(Mr. OTTINGER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, the Chairman of the Joint Chiefs of Staff has renewed his request for funds to begin production of the new binary nerve gas system. Chairman Brown stated the Department of Defense position on chemical warfare during his recent statement on the U.S. military posture for fiscal year 1976.

The proposal to begin production of the binary chemical weapon was the subject of considerable debate in the last Congress. The Congress adopted an amendment to the military procurement appropriations bill which deleted the Defense request for similar funds in the fiscal year 1975 budget.

I am interested in our chemical warfare program, as I know many of you are, and have many questions regarding the Chairman's statement. I have written General Brown, and so that the Members may be aware of this request and the important issues involved, I am inserting the text of this letter in the RECORD.

I have also inserted in the RECORD a copy of that portion of the general's military posture statement which pertains to his chemical warfare proposals.

The letter and General Brown's posture statement follow:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 11, 1975.

Gen. GEORGE S. BROWN, USAF,
Chairman of the Joint Chiefs of Staff, Department of Defense, the Pentagon, Washington, D.C.

DEAR GENERAL BROWN: One of the first issues to arouse my interest when began my duties with the 94th Congress was the proposed military procurement of the binary chemical munition. Perhaps this is because I was already familiar with other aspects of chemical warfare controversies in the recent past. I had assumed, from all of the news announcements concerning the problems of chemical weapons disposal, the recent Presidential signing of the Geneva Protocal, and similar developments, that we had stabilized this controversy, at least for the time being. I was somewhat surprised, therefore, to learn upon examining your recent statement on the United States Military Posture for FY 1976, that instead the Department of Defense actually was continuing to propose a complete renovation of our chemical warfare stockpiles.

I realize that the proposals discussed in your statement refer to only relatively minor initial procurement of facilities, but it is obvious that should this binary concept be approved by the Congress, the procurement would soon become a multimillion dollar program. In fact, in your same statement, you emphisize that the Navy and Air Force are already planning to initiate procurement of binaries by completing engineering development of a binary bomb. For this reason, it would be very helpful to me and to other interested Members if you would be so kind as to provide us with some additional information with regard to your recent comments.

(1) You mention in your statment on page 114 that "Since World War I, toxic chemicals have been used only against forces unable to defend against them or to retaliate in kind". One obvious implication of this remark is to support a case for the maintenance of a U.S. retaliatory capability in order to prevent the use of such weapons against U.S. forces.

Questions. Isn't it true, however that the use of chemical weapons during World War I continued even after both sides had the capability to use and did use chemical weapons against each other? Or did the use of chemical weapons cease promptly once each side secured the capability to retaliate in kind?

Isn't it also true that, in those instances of the use of chemical weapons since World War I, the nations attacked lacked nuclear weapons, modern well-equipped armies, and similar accoutrements of modern warfare? If so, how can we be so certain that it was the absence of a chemical warfare retaliatory capability that made these post World War I uses of chemical weapons a compelling advantage to the attacking nation? Further, in each of those instances, was the use of chemical warfare weapons a decisive factor in winning the wars or battles involved (and this could include our own use of tear gas and herbicides in Vietnam)?

(2) Beginning on page 117 of your statement, you point out that the forces with a poor defensive capability would be particularly vulnerable to a chemical attack and that this might require the use of a nuclear response if a chemical response could not be effectively initiated. You cite what appears to be an intelligence estimate which describes a strong Soviet defensive capability. You also describe what can only be interpreted as a reasonably certain estimate of a very strong Soviet offensive chemical weapons capability.

Questions. As I examined these pages, I was reminded that an essentially identical estimate of Soviet capabilities was discussed

during Congressional hearings in the late 50's and early 60's. Why then is this 20-year-old estimate offered as the justification for the new binary weapon? This weapon does not provide us with a quantum jump in superiority. It seems strange to me that we have again become concerned about this known enemy capability only when we want to justify additional procurements of new weapons—and in this case, unlike significant advances in aircraft or other high level technologies—no real military advantage appears to accrue from the binary weapon. Certainly you do not suggest that the Soviets will attempt to gain some advantage by adoption of a similar concept if we do not? The Congress provided funds for purchasing enormous stockpiles of nerve agent in bulk; funded the construction of GB and VX nerve agent plants; and funded the procurement of a vast array of weapons which could be loaded with nerve agent. Wasn't this enough?

Of greater concern to me is the fact that you emphasize the enormous defensive capability of the Soviets immediately after you point out that the poorly prepared side is particularly vulnerable to chemical attack. You speak of being able to provide our forces with a defensive capability by FY 1981. An obvious question, particularly in view of the time factors which have been involved is: Why is it that the U.S. forces are not now equally strong defensively? Have we placed such a low priority on the production of defensive equipment that we are still unprepared after a 20-year-old estimate of such a strong emphasis by the Soviets in this area? To my knowledge, the Congress has not knowingly refused to fund a chemical warfare defense program which had been requested as essential in any Armed Forces budget.

What will be the total projected cost to secure this adequate defensive posture, year by year, for the next five years (by FY1981)? Is this cost realistic vis-a-vis the uncertain value of chemical weapons as a deterrent to the use of chemicals in a nuclear environment?

Do our field commanders disparage chemical weapons so much that they have not considered it necessary to insist on meeting defensive requirements in the past 15–20 years?

Are the costs for an adequate chemical defense so high that we cannot afford them in the priority of weapons procurement? If so, of what use is an offensive capability against an enemy prepared defensively to move in a highly mobile fashion? Do we really plan on a "trench warfare" fighting situation?

In any event, how effective, really, is any chemical retaliatory capability against an enemy which has a defense posture as strong as you have indicated? Does anyone really think that such a defensive capability would not enable a mobile enemy to move out of a toxic environment quickly and then fight in a more conventional manner? We certainly will not have the capability to maintain a continuous toxic environment in all areas, or do your war planners anticipate another "trench" war as in World War I? Wouldn't we really be forced to use nuclear weapons, whether we wanted to or not, if we desired to prevent penetration by defensively superior and well equipped forces who resorted to chemical weapons?

How effective are stockpiles of chemical weapons in the United States against a superior on-site offensive capability as you have estimated for the Soviet Union? Why aren't the Western European forces as concerned about maintaining their own deterrent capability?

(3) In your final discussions of the U.S. chemical warfare program you mention a few points of major interest with regard to the proposal to modernize the chemical stockpile. The primary aims you summarize are "to provide a stockpile in an amount consistent with requirements; allow for rapid deployment of munitions from storage to theater locations; and to provide greater employment flexibility through more variations in delivery configurations."

Questions. I thought we already had large quantities of bulk agent in storage and that the original military plan was to transfer these bulk agents into munitions as needed and as necessary to replace loaded munitions which deteriorated with age. Were our plans so inadequate that we can no longer use these bulk agents? Were our munition designs so poor that they could not be loaded in the same way to meet these requirements if they should arise?

How does the binary insure more rapid deployment of munitions from storage to theater locations? It seems to me, as an uninformed lay person, that the logistics for binaries will be more complicated than with standard chemical munitions (I recall some of those World War II stories about shipping snowshoes to the South Pacific, and the binary, as I understand it, might involve shipping two separate ingredients)? I do admit that, on the surface at least, the binaries seems to offer some degree of safety in handling, although even here some of the testimony from last year's hearings suggest that the toxicity of one of the ingredients will still make a reasonable degree of security necessary to protect the public health.

How does the binary weapon provide greater employment flexibility than existing munition concepts? We already have several tube chemical weapon munitions, several chemical bomb types, chemical spray tanks, land chemical mines, chemical rockets, and chemical warhead missile configurations. What does the binary offer that is different (understanding the reluctance of the Navy to carry GB or VX bombs on an aircraft carrier)?

(4) You stated that there are two options for modernization of our chemical stockpiles. It does seem to me, in the current economic environment, that your justification on page 120 provides insufficient consideration of the alternative of using existing stocks of bulk agents as fill in currently standardized munition configurations instead of launching into an entirely new type of chemical munition.

Questions. Granted again that the binary does offer some advantage in safety in transportation but is this really an adequate justification at this time, in view of the enormous expenditures already made for existing stocks and munition development, and the current disarmament negotiating environment, to select the binary as the route to modernization and to discard the more obvious alternative?

(5) You also mention in your closing statement on the chemical warfare program that the FY 76 budget contains a "modest request to provide the long lead time equipment and facility requirements for a binary production facility" and that the Navy has "included a request for the development of a binary bomb which also will be used by the Air Force".

Questions. I would be interested in knowing what the total cost of selecting the binary concept will be in lieu of the alternative of using existing stocks and more standard munitions. Just exactly how much money (and over what period of time) would this Nation be expected to commit to total procurement of the binary munition, destruction of existing stockpiles, and other associated factors? I have heard many figures for this estimate—none of them modest in my judgment. It is obvious from your own statement that the Armed Forces already plan on moving from the 155 mm program through an 8 inch shell procurement and now a binary bomb for Navy and Air Force. Where will it stop?

How will the hazard at existing storage sites be decreased by procurement of the binary? By destruction of current GB and VX bulk and munition stocks? Is the toxic ingredient in the binary so hazard free that there will be no further public health problem (the organophosphorous intermediate, not the alcohol)?

Is degradation of GB or VX in munitions at forward deployment areas a major constraint to continued use of existing munitions? After all, it appears that stability in munitions thus far has been measured in excess of ten years storage life.

How will we eliminate costly disposal programs by adopting the binary? I assume we would still have to destroy the stocks we now have if the binary is produced? Or do the plans call for adding the binary to existing stocks and thus increasing the size of our chemical arsenal? Or won't the binaries ever have to be destroyed?

In closing, please let me assure you that I do not ask these questions in idle curiosity. I am genuinely concerned about this proposal to prepare for the production of the binary weapon. The response from you will be of great importance in enabling me and my colleagues to properly evaluate this new request. We are searching for ways to eliminate waste in the budget; we do not want to designate resources for applications which are not essential and which are "just in case" types of requirements. This request for the binary program seems to be particularly critical at this time. We are not just committing a "few" million dollars. We are really being asked to support a decision concerning a change in a basic concept of our chemical warfare posture, and one which could cost this nation millions of dollars without appearing to improve our defensive posture in any way. I believe that we have a right to public examination of this issue in more detail.

Your cooperation in providing information on these questions, and other points which you feel may be relevant but not emphasized, would be most appreciated as soon as possible. I assure you that I will do everything in my power to see to it that this information is made available to other Members who have an interest in this issue. I also intend to advise the Members of my request to you so that you will not be confronted with too many duplicate inquiries.

Sincerely,

RICHARD L. OTTINGER,
Member of Congress.

[Selected Portion From "U.S. Military Posture for Fiscal Year 1976," by Chairman of the Joint Chiefs of Staff, Gen. George S. Brown, USAF]

CHEMICALS AND BIOLOGICAL AGENTS

The past year has been both active and productive. On 16 December 1974, the Senate gave its advice and consent to the ratification of the Convention on the Prohibition of Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and Their Destruction (BW Convention) and to the 1925 Geneva Protocol. In the BW Convention the parties undertake to develop, produce, stockpile, acquire, or retain biological agents or toxins of types or in quantities that have no justification for peaceful uses, as well as weapons, equipment, and means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict.

In late 1969, after a review of our chemical and biological warfare policies, the United States renounced the use "of any form" of bacteriological or biological weapons that either kill or incapacitate. At that time, steps were taken to dispose of our existing stocks of bacteriological agents. The United States no longer possesses any such agents or munitions for deploying them. With the ratification of this convention, the

United States formally joined in an international cooperative effort to reduce the possibility of these weapons ever being used by any nation. The Joint Chiefs of Staff do not believe that the capability of waging biological warfare is essential to our deterrent posture. I believe that the ratification of this treaty will have no deleterious impact on our national security and could enhance it.

The Geneva Protocol of 1925, in effect, prohibits the "first use" of chemical and biological agents in war and is not a "non-use" treaty. The United States has now joined other militarily important countries of the world by becoming a party to this agreement. The President has renounced, as a matter of national policy, first use of herbicides in war except use for control of vegetation within US bases and installations and around their immediate defensive perimeters. He has also renounced first use in war of riot control agents except in defensive military modes to save lives. The Joint Chiefs of Staff fully participated in the interagency process leading to the President's decision and they support it.

There is a strange and sinister aura surrounding biological weapons; and although allegations of their use are many, no government and no responsible government official has ever admitted waging offensive biological warfare. However, history is replete from ancient times with examples of chemical warfare. The earliest recorded use of chemicals in military operations was in 428 BC, when the Spartans burned wood saturated with pitch and sulphur under the walls of Plataea. Since World War I, toxic chemicals have been used only against forces unable to defend against them or to retaliate in kind. It is also interesting to note that since World War I each known use of chemicals has been by a signatory to the 1925 Geneva Protocol. Therefore, we seek to maintain a chemical capability, not to violate the Protocol, but to insure compliance.

During World War II, President Roosevelt threatened the leaders of the Third Reich with immediate devastation in the event they resorted to chemical warfare. At that time, the Germans possessed massive stocks of chemical weapons, including nerve agents not found in any allied arsenal. Most historians attribute the failure to employ such weapons to a fear of overwhelming retaliation by the allies. Whatever the deterrent, "gas" was not used in World War II, although the capability was widespread among the combatants. Significant tactical advantage accrues to the user of chemical weapons because of the encumbrances of protective equipment on the defender if the user is not so encumbered. Retaliation or a capability to retaliate in kind precludes ceding any such advantage to any enemy. Should the United States be attacked on significant scale with chemicals, and lacked the ability to retaliate with chemicals to redress the situation, it could force an unwanted or premature US/Allied-initiated nuclear attack in order to prevent total defeat and a military disaster.

The USSR currently has an unsurpassed capability to conduct chemical warfare. Highly toxic chemical agents and dissemination means have been developed and standardized. There is considerable firm intelligence to support the assessment that the USSR could initiate and sustain large-scale chemical warfare either alone or with conventional or nuclear weapons. It is not possible with any reasonable degree of assurance to predict or estimate the size of the USSR's CW agent stockpile. Other evidence, however, reflects a requirement for a sizable stockpile both in bulk agent and filled munitions. The USSR's stockpile is probably more than adequate to meet its minimum requirements. The Soviet Union would have no problem producing ample supplies in the event of war.

At the present time, there are many major installations believed to be associated with the testing, production, or storage of toxic agents, munitions, and protective equipment. Neither production nor storage facilities are believed to be limiting factors. The USSR has a variety of CW agents and munitions to satisfy most operational requirements.

A review of USSR delivery systems for CW agents shows a well developed capability to employ a wide variety of effective munitions for ground, sea, or air delivery of toxic chemical agents throughout the theater. Soviet chemical personnel are distributed throughout the ground forces.

Soviet forces are considered to be the best trained and equipped in the world for operations in a toxic environment. Extensive training in CBR protective equipment is a requirement for Soviet ground, sea, and air forces and is an integral part of major military maneuvers and exercises. Soviet Armed Forces possess large quantities of a wide range of effective protective and decontamination equipment for use in a toxic environment, and new equipment which will further upgrade their operational ability continues to appear. Equipment and training for chemical, biological, and radiological protection are provided. The training and protection of forces for operation in a toxic environment allows first-use of chemical weapons by the Soviet Union with an acceptable assurance that it could defend against retaliation with chemical weapons.

Our policy is to retain a chemical warfare capability designed to deter the use of these weapons against us or our allies, and should deterrence fail, to permit us a reasonable degree of retaliation with chemical weapons. US Forces must be equipped adequately with a credible capability to deter an adversary from initiating chemical warfare, and should deterrence fail, to place the enemy under a similar severe operational constraint in order to preclude the attacker from gaining a significant tactical advantage.

A complete and viable deterrent posture includes both a defensive and offensive aspect. Definitive programs for the procurement of required quantities of standardized defensive materials have been established. By FY 1981, provided that these programs are approved, we will have the means for equipping all US forces with required defensive equipment. Research and development programs are being pursued to provide additional critical defensive equipment. Modernization of the chemical weapons stockpile is needed if the United States is to maintain a limited, but credible, capability in this area.

The primary aims of modernization are: (1) provide a stockpile in an amount consistent with requirements; (2) allow for rapid deployment of munitions from storage to theater locations; and (3) provide greater employment flexibility through more variations in delivery configurations.

Modernization of the chemical warfare deterrent/retaliatory stockpile can be accomplished by either upgrading the present stockpile within the limits of agents already available or by converting the stockpile to binary munitions. Binaries offer a feasible, economic, safe, and more desirable alternative. Modernization by developing binaries would provide the following advantages:

Limited potential hazards to areas surrounding storage sites.

Greater deployment flexibility because of the elimination of degradation of agent purity since components remain stable in storage.

Elimination of costly disposal programs when munitions become obsolete and reduced cost in government production plant facilities.

This year's budget contains a modest request to provide the long lead time equipment and facility requirements for a binary production facility.

The Navy has included a budget request for the development of a binary bomb which also will be used by the Ar Force. I urge your support for these modest modernization programs to ensure that the United States will maintain a minimum, but adequate, CW retaliatory deterrent capability.

PROJECTED SURRENDER OF U.S. CANAL ZONE CALLS FOR NATIONAL CRUSADE, SAYS CONGRESSMAN DANIEL J. FLOOD, IN SPEECH TO VETERANS OF FOREIGN WARS

The SPEAKER pro tempore. (Mr. McFALL) under a previous order of the House, the gentlewoman from Missouri (Mrs. SULLIVAN) is recognized for 10 minutes.

Mrs. SULLIVAN. Mr. Speaker, as the headquarters city of important national organizations, Washington, D.C., is the scene of many annual meetings and conferences on matters related to national policies of the U.S. Government. Among those organizations concerned with Government policy is the Veterans of Foreign Wars of the United States—VFW—of which John J. Stang of Kansas is its commander in chief.

The program of the National Security Committee of the 1975 VFW Annual Washington Conference included a session on March 9, devoted to the Panama Canal issue. The session was presided over by Leslie M. Fry of Nevada, chairman of the committee and a former commander in chief, and attended by the leadership of the VFW and many distinguished guests, including Adm. John S. McCain, Jr., former U.S. commander in chief, Pacific; Gen. Herbert D. Vogel, eminent Army engineer with Panama Canal experience; and several congressional staff aids working with Panama Canal issues. The occasion was a memorable one. The principal address was by the most distinguished, able, and scholarly gentleman from Pennsylvania (Mr. FLOOD), a leading congressional authority on the interoceanic canal problem and national defense.

In his address, Congressman FLOOD stressed the two crucial canal issues as: First, retention of our undiluted sovereign control over the Canal Zone; and second, the major modernization of the existing Panama Canal. He ended his remarks with a moving appeal for the United States to assume its responsibilities as a great power, to meet its treaty obligations and provide for major canal modernization and, above all, to reply to demands to weaken our sovereign control over the U.S.-owned Canal Zone with a ringing, "No, no, and no—now and forever."

The Veterans of Foreign Wars are to be congratulated for this constructive and timely program. To make the indicated address available to all Members of the Congress, and the Nation at large, I quote it as part of my remarks along with the thoughtful introduction of Congressman FLOOD by Chairman Fry as follows:

REMARKS OF CHAIRMAN LESLIE M. FRY, INTRODUCING CONGRESSMAN FLOOD

Mr. Chairman, Commander-in-chief Stang, Members of the National Security Committee, and Guests:

Many years ago after leaving the White House, former President Theodore Roosevelt used to be an occasional house guest of a friend in Hazelton, Pennsylvania. A young grandson of his host was usually present and listened many hours to the former President describing the problems he faced in the acquisition of the Canal Zone and launching the Panama Canal. Thus inspired, the boy made T.R. his youthful ideal and is our speaker today.

What is it in his subsequent career that enables him to speak with authority about matters in an area that he has often described as our "fourth front?"

In early boyhood, he lived several years in St. Augustine, Florida, where he learned to speak Spanish before English. During his teens he traveled extensively in the Caribbean and in Central America countries. In the latter, many persons, including even the Presidents, because of his ability to speak Spanish, told him much about local history and the centuries old movement for an interoceanic canal.

Educated in both history and law at college, he had the foundation for building a most distinguished career, which has included services of unique character to both his State and Nation.

As a member of a special Congressional investigating committee in 1947, he took a leading part in exposing the mass murder of Polish Army officers at Katyn by Soviet Russia and thereby gained a deep insight into the operations of that Asiatic despotism. In the same year, he was assigned to the Sub-Committee on Defense of the House Committee on Appropriations, where he became one of the leading experts in the Congress on national defense, which includes the Panama Canal.

In 1955 when a determined effort was made by elements in the Executive Department of our government to liquidate the Panama Railroad, he played a key role in preventing it with the result that this important rail link still operates and is on a paying basis. Soon afterward he started upon a campaign to bring about the major modernization of the Panama Canal, making a series of scholarly addresses on major aspects of the subject.

Following the 1964 attempted Panamanian mob invasion of the Canal Zone and the later announcement by the President of the United States of readiness to renegotiate the Panama Canal Treaty of 1903, our speaker continued on a program aimed at protecting the vital interests of the United States on the Isthmus. His volume of addresses entitled Isthmian Canal Policy Questions, published as Ho. Doc. No. 474, 89th Congress, contains a wealth of authentic information.

In 1974, following the signing of the Kissinger-Tack agreement for the United States to surrender its sovereign control over the Canal Zone to Panama, he led in blocking that sinister move.

President Theodore Roosevelt, following the American principle of self-determination of peoples in the early 20th Century, supported the independence of Panama and gave the world the Panama Canal with enormous benefits to all Nations, with Panama as its greatest beneficiary. It is historically fitting that his young protege should become its savior.

May I now present Representative Daniel J. Flood of Pennsylvania, who will address us on this timely subject: "Projected Surrender of U.S. Canal Zone Calls for National Crusade."

PROJECTED SURRENDER OF U.S. CANAL ZONE CALLS FOR NATIONAL CRUSADE

(Address by Hon. DANIEL J. FLOOD)

Mr. Chairman, Commander-in-Chief Stang, Members of the National Security Committee, Veterans of Foreign Wars of the United States and Guests:

The Panama Canal is the strategic center of the Western Hemisphere. As foreseen by Simón Bolivar, it shortens the distances of the world and strengthens the commercial ties in Europe, the Americas and Asia. Annually transiting about 15,000 vessels from some 55 countries with about 70 percent of its traffic either originating or terminating in the United States, it is truly the jugular vein of the Americas.

On February 7, 1974, in Panama City, R.P., U.S. Secretary of State, Henry A. Kissinger, and Panamanian Foreign Minister, Juan A. Tack, without the authorization of the Congress, signed a joint statement announcing an 8-point "agreement on principles" to govern the negotiation of a new Panama Canal Treaty. When cleared of its ambiguities, fallacies, and sophistries, this Kissinger-Tack diplomatic trickery constitutes a program for an abject surrender of United States Treaty-based sovereign rights, power and authority over our most strategic water way—the Gateway to the Pacific. (Strategic Review, Vol. II (Spring 1974), pp. 34–43.)

To meet this threat to national defense, Hemispheric security and interoceanic commerce, it is essential to know certain elementary facts in Panama Canal history:

First, in 1901, the United States, in a treaty with Great Britain, undertook the long range obligation to construct, regulate and manage a trans-Isthmian canal under the rules governing the operation of the Suez Canal. (Hay-Pauncefote Treaty of 1901.)

Second, in 1902, the Congress, following the recommendations of the Isthmian Canal Commission headed by Admiral John G. Walker, one of the ablest naval officers of his time, authorized the President to acquire by treaty the "perpetual control" of a canal zone, as well as the purchase of all property in it, for the construction of an Isthmian canal and its "perpetual" operation. (Spooner Act of 1902.) This undertaking was unlike that for the then completed Suez Canal. Its construction was accomplished by Ferdinand de Lesseps under an Act of Concession from the Khedive of Egypt and it was later operated by a French company under a second Act of Concession until expropriated and nationalized in 1956 by Egypt.

Third, in 1903, the United States, after the secession of Panama from Colombia, acquired by treaty, the "grant" of sovereign rights, power and authority "in perpetuity" over the Canal's indispensably necessary protective frame, the Canal Zone, for $10,000,000. (Hay-Burns-Varilla Treaty of 1903.) In this same treaty, our country assumed the annual obligation for payment to Panama of the Panama Railroad annuity of $250,000, previously paid by that company to Colombia. That annuity, subsequently adjusted to $430,000 in the 1936 Treaty incident to the devaluation of the gold dollar, and later gratuitously supplemented under State Department appropriations, is not a "rental" for the Zone territory, as so often misstated in reference books and in the mass news media, but the agumented annuity of the railroad, the entire stock of which was purchased by the United States for canal purposes. The total annuity in 1973 was $2,095,-200. The total benefits to Panama from U.S. Canal Zone sources for that year were $187,-490,000, and they will increase. Though these benefits are seldom mentioned they have given Panama the highest per capita income in all of Central America and caused about one third of Panama's population to live near the Canal Zone where there is employment for Panamanians.

Fourth, after acquiring sovereign control over the Canal Zone, the United States obtained title to all privately owned land and property in it by purchase from individual owners, making the Zone our most expensive territorial acquisition, estimated in 1974 to have cost—$166,362,173. This is more than the combined costs of all other U.S. territorial extensions put together. (Congressional Record, January 17, 1975, p. H202.)

Fifth, in 1907, the U.S. Supreme Court, in a well known case, reaffirmed the validity of the title of the United States to the Canal Zone (Wilson vs. Shaw, 204, U.S. 24, at 30–35.)

Sixth, during the decade of 1904–14, the United States constructed the Panama Canal with Congressionally appropriated funds in what was the pest hole of the world and a land of endemic revolution and endless political turmoil, transforming the U.S. Zone and surrounding areas in Panama into models of tropical health and sanitation and providing an "island" of stability that has often served as a haven of refuge for Panamanian leaders seeking to escape assassination.

Seventh, under a 1914 Treaty with Colombia, ratified in 1922, the United States paid that country $25,000,000 and gave it valuable transit rights for the use of both the Canal and Panama Railroad. In return, Colombia, the sovereign of the Isthmus prior to November 3, 1903, recognized the title to both the Canal and Railroad as vested "entirely and absolutely" in the United States. (Thomson-Urrutia Treaty of April 6, 1914.)

Eighth, in 1950, the Congress, in the Panama Canal Reorganization Act, specified that the levy of tolls is subject to the terms of the three previously mentioned treaties with Great Britain, Colombia, and Panama.

Ninth, in 1974, the total U.S. investment in the canal enterprise, including its defense, from 1904 through June 30, 1974, was estimated at $6,880,370,000. (Congressional Record, Dec. 5, 1974, p. H11356.) Much of these funds, which was spent in Panama, has served to raise living standards there immeasurably.

From the above historical narration, the evidence is conclusive that the United States is not a squatter sitting on the banks of the Panama Canal but its lawful owner with full sovereign rights, power and authority over both the Canal Zone and Canal; and no amount of demagoguery or diplomatic skulduggery can alter the essential facts about what now forms a part of the coast line of the United States. Its security is just as vital to our country as the defense of the Chesapeake Bay or San Francisco Harbor; and only our undiluted sovereignty gives the United States the freedom of action essential for the canal's protection, and efficient operation.

The latest significant development in the canal situation was the submission to the President on October 29, 1974, of a report by the privately financed "commission," initially composed of 23 members and headed by Honorable Sol M. Linowitz, former U.S. Representative to the Organization of American States. Of those composing that body some 17 were members of the Council on Foreign Relations, an organization whose activities include the manipulation of U.S. foreign policy. Its ultimate objective is the creation of a "one-world socialist system" and making the United States "an official part of it." (Congressional Record, November 26, 1974, p. H11133.)

Concerning the Panama Canal, that "commission" made two recommendations. The first "strongly" supported a new canal treaty based on the February 7, 1974, Kissinger-Tack "aggrement on principles." The second urged a reduction of U.S. Government personnel in the operation and protection of

the Canal, including the transfer of the U.S. Armed Forces Southern Command from the Canal Zone to the United States.

To anyone familiar with the actual problems of maintaining, operating, sanitating and defending the Canal Zone and Canal in both peace and war, such recommendations are utterly preposterous. As far as can be ascertained not one member of that "commission" or of its consultants ever bore the burden of a responsible position in the Canal organization or for its defense. To say the least, the Linowitz "commission's" report does not meet the realistic challenges involved as regards the Canal but simply supports the pro-give away policy of radical elements in the State Department and of the Secretary of State himself.

Historically, the Caribbean has always been a focal area of conflict because its location is strategic. Today, Soviet power controls Cuba, Soviet submarines prowl regularly in nearby waters, and a long-time Soviet objective is directed toward wresting control of the Panama Canal from the United States. The elements in our country, in the mass news media, and in the State Department that most loudly advocate surrender of the Canal Zone to Panama are precisely the type that urged U.S. support for Communist Mao Tse-Tung in China with the mendacious claim that he was only a mild "agrarian reformer;" and, later, urged the installation of Fidel Castro in Cuba while belittling evidence that he was a Red revolutionary. Moreover, these same forces, while condoning the demands of the pro-Soviet Panama military Government for control of the Canal Zone, are now attacking the Chilean Military Government for its overthrow in 1973 of its Marxist regime. (Washington Star-News, January 1, 1975, p. A–7.) Is not this new relation to Panama consistent with support from Washington for Mao Tse-Tung and Fidel Castro? Shall we repeat in Panama in graver degree the disasters to the world and to our own security brought about by installing Mao in China and Castro in Cuba? Do we not see the same elements in the State Department and mass news media seeking this evil result?

Certainly, we ought to learn from the experience at the Suez Canal that following the withdrawal of British troops from the Canal Zone there it did not take Egypt long to nationalize and expropriate that key waterway, with enormously harmful consequences, including two prolonged closures. We must not let such disasters occur at Panama, which is attempting to parallel the example of Egypt.

One of the crucial factors in the Panama Canal situation was the suspension in 1942 of a project for an additional set of larger locks, which was authorized in 1939 for defense purposes and to meet the then estimated traffic needs in 1970. In recent years, canal capacity in the number of vessels that can be handled has been increased by a series of symptomatic treatments, which are non-basic in character and no solution of the realistic problems involved. With the exception of the widening of Gaillard Cut from 300′ to 500′ completed in 1970, the Canal is essentially what it was in 1914!

During World War II, as a result of war experience, there was developed in the Panama Canal organization the first comprehensive proposal for the future canal derived from operating experience known as the Terminal Lake-Third Locks Plan. (U.S. Naval Institute Proceedings, March 1955, pp. 263–75.)

Attracting strong professional support from experienced engineers and navigators, including Panama Canal pilots, geologists, economists, and other experts, this proposal won the approval of President Franklin D. Roosevelt as a post war project, has been published in much official, professional and lay literature, and is now before the Congress. In addition, a total of more than $171,000,000, has been spent toward such major modernization: $95,000,000 on the enlargement of Gaillard Cut and over $76,000,000 on the suspended Third Locks Project. Most of the work so far accomplished can be utilized in the program for major modernization.

Quite significantly, this plan can be completed under existing treaty provisions and does not require the negotiation of a new treaty with Panama. These are paramount considerations and raise the question of why should the State Department negotiating for powers already possessed for "expansion and new construction." (Congressional Record, July 24, 1939, p. 9834.)

When the long overdue major modernization project is authorized, its operational, economic and other advantages to the Isthmus and to the United States as well as to interoceanic commerce, will be so obvious that current agitations in Panama will vanish like a tropical fog in the morning sun. Besides, it will provide the best canal for the transit of vessels at least cost and will be of growing importance as the needs for the transit of energy producing materials increase and the number of our naval vessels is reduced toward their pre-World War II levels. The result will be a project of lasting value and not merely a "make work" program.

One of the "hardy perennials" that always comes up whenever the canal situation receives national attention is the ancient dream idea of a so-called sea level canal. An extravagent proposal that some authorities fear could prove to be a "bottomless pit" for the money of our taxpayers, it would provide a salt water channel between the oceans. Respected marine biologists who have studied the canal question strongly oppose the "sea level" scheme as the "conservation challenge of the century" on the ground that mixing the marine life of the two oceans could have catastrophic consequences affecting the food supply of countries dependent upon fish. They also stress the dangers of infesting the Atlantic Ocean with the poisonous yellow bellied Pacific sea snake and the voracious crown of thorns starfish, which are not indigenous to the Atlantic. These animals, if once allowed to enter it, could extend as far north as Virginia and as far south as southern Brazil.

The interoceanic canal problem is now far better understood in the Congress than at any time since early in this century. In its 1973 report, the House Committee on Merchant Marine and Fisheries, after extensive studies, summarized the two key canal issues yet to be resolved as follows:

(1) Retention by the United States of its undiluted sovereign control over the Canal Zone as the absolutely necessary protective frame of the Canal; and

(2) Major modernization of the existing canal.

All other canal questions, however important, including the "sea level" proposal, the report added, are "irrelevant" and should not be allowed to confuse the program for major increase of capacity and operational improvement of the existing canal. (H. Rept. No. 92–1629, p. 36.)

Measures now before both the Senate and House call for retention of full United States sovereign control over the Canal Zone and provide for major modernization of the existing canal, which is not obsolescent but it is approaching capacity saturation. Adoption of these measures will go far toward restoring our lost prestige in Latin America and end the prolonged uncertainty and confusion that have plagued the canal question in recent years as well as clear away the Marxist clamor now emanating from the Isthmus.

In 1923, when Secretary of State Charles Evans Hughes faced a situation at Panama in many ways comparable to that faced by recent Secretaries, he called in the Panamanian Minister. Stressing that the United States and Panama were friends and must remain friends, Secretary Hughes warned the Minister that "It was an absolute futility for the Panamanian Government to expect any American administration, no matter what it was, any President or any Secretary of State, ever to surrender any part of (the) rights which the United States had acquired under the Treaty of 1903." (Foreign Relations, 1923, Vol. III, p. 684.) This is the way that our highest officials should be speaking today!

In support of such stand there is no better expression than a statement by John Bassett Moore, the eminent legal scholar of the State Department who, in early 1903 prior to the Panama Revolution of that year, made this telling point: "The United States in constructing the Canal would own it; and, after constructing it, would have the right to operate it. The ownership and control would be in their nature perpetual." (Theodore Roosevelt Papers, Letter Book XI.)

Today our position on the Isthmus has been weakened by Washington influences. As a result of laxity, indifference, and, finally, outright approval, Panamanian flags are displayed in the Canal Zone from one end to the other equal with those of the United States, even on the approach walls of the locks.

At the former U.S. Air Base at Rio Hato, which is now under Panamanian jurisdiction, Red agents come and go to and from Panama unobserved. Some of them are serving in the Panama Government. Their influence is revealed by the aggressive truculence of Panamanian officials, their increasing use of communist terms and slogans, and marked hostility toward the United States.

To illustrate the last, the Panamanian Chief of Government, Omar Torrijos, on January 12, 1975, at Santiago, Panama, stated that if negotiations fail, "We'll go to Rio Hato and train battalions of Panamanians who are convinced that if the negotiations fail, the only solution is to fight for liberation" but that "Panama would exhaust all possibilities before resorting to arms." Other such threats of violence could be cited. (Matutino, Panama, R.P., January 14, 1975.)

In the evolving Latin American picture today, the focal question is the Panama Canal. Responsible officials of the United States have announced their intention to surrender to Panama the indispensable Canal Zone that frames the Canal. The mass news media campaign in support of the give-away is well underway, and regardless of the costs or consequences.

As has been previously emphasized, there are only two basic issues: sovereignty and major modernization. Of the two, that of sovereignty is transcendent for history shows that the American people and the Congress will never approve the expenditure of huge sums on a major canal project in an area not under the sovereign control of the United States.

The present threat to the Canal Zone is not a meaningless gesture but part of the Soviet Empire's global drive for securing control of narrow waterways and strategic islands. Thus the real issue on the Ithmus is not Panamanian sovereignty over the Canal Zone versus United States sovereignty but continued undiluted U.S. sovereign control versus U.S.S.R. domination.

In meeting the current drive for world power a line has to be drawn somewhere and there is no better place to draw it than at the U.S. Canal Zone. Unless this is done we can expect more futile efforts by State Department collaborators to placate ideological hostility that can only result in the dismemberment of the Zone territory and

further loss of respect for the United States throughout Latin America, with untold consequences for evil in the entire Western Hemisphere.

In support of the program to give away the Panama Canal, the mass news media have employed endless deceits. Almost daily we see the Canal Zone referred to as a "leased" territory or the annuity as a "rental," thus implying Panamanian ownership. Yet the briefest reference to Canal history establishes the fact that the Zone is as firmly a U.S. territorial possession as the Gadsden or Alaska Purchases.

The proposal of the State Department is not one for correcting a disputed boundary but for the dismantling of a constitutionally acquired U.S. territorial domain. This would be a dangerous precedent inviting demands for negotiations for the return of the Gadsden Purchase to Mexico or Alaska to Soviet Russia.

Thus the projected surrender of the U.S. Canal Zone calls for all Americans to join in a national crusade to expose all mass media deceptions and to preserve our full and undiluted sovereign control over the Isthmian Canal and its protective frame not only for interoceanic commerce but also for the security of the United States and the entire Free World.

To bring about such results and only course for the United States is to assume promptly and forthrightly its grave responsibilities as a great power, to meet our basic treaty obligations for the major increase of capacity and operational improvement of the existing Panama Canal and, above all, to reply to demands for weakening our sovereign control over the Canal Zone with a ringing no, no, no—now and forever!

A BILL TO CONFER U.S. CITIZENSHIP UPON CERTAIN ORPHANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. TSONGAS) is recognized for 5 minutes.

Mr. TSONGAS. Mr. Speaker, there are approximately 700,000 orphaned and abandoned children in South Vietnam. Many of these children were fathered by U.S. citizens during the American military presence in Indochina. Thousands of these orphans are illegitimate and abandoned. Estimates of the number of Amerasian orphans has ranged all the way from 15,000 to over 400,000. The exact number is of far less consequence than the indifference with which our Government has treated this problem.

In 1954, when the French withdrew from Vietnam, they took 4,000 French-Vietnamese children to be raised in France. Forty centers in France were established to receive and care for them. When a Vietnamese mother chose to keep her child, she received support payments until the child was 8. The French also provided educational benefits to those children who remained in Vietnam.

By contrast, the American-Vietnamese children face discrimination in Vietnam. Orphans who are half black face serious prejudice, particularly the girls, who are invariably given away. Many social workers say they will be discriminated against throughout their lives and will find it difficult to be educated, find jobs, and marry.

Pearl S. Buck has said:

We Americans must take up our responsibility because we helped bring these children into the world.

Hundreds of American families have already overcome the administrative difficulties, the redtape, and the expense of bringing Amerasian orphans to the United States and adopting them. There are numerous families—in my district in Massachusetts alone I have heard from many—across the country who wish to adopt these children. They face a lack of official cooperation and the added difficulties of adopting an alien.

I have today introduced a bill which will confer U.S. citizenship upon these orphans who are adopted by Americans. In addition, the legislation will mandate the administration to provide for the facilitation of the adoption of such children by American families.

It is my belief that the United States bears a special responsibility to these children. At this time, when the debate rages about the extent of America's moral obligations to the people of Vietnam, can we possibly deny our obligation to these orphans?

It is important that we act now. These children are growing older. Orphanages in Vietnam are caring for some of the children, but there is a dropoff in financial and medical assistance. It has been estimated that as many as 80 percent of the children in the orphanages die of such diseases as dysentery, measles, worms, and polio. Many of the children are handicapped.

There are many tragedies of war which have been visited upon the people of Indochina. This is one of the few which we might erase. At the very least, let us in Government remove the roadblocks which confront those Americans of good will who stretch out their hands to these children.

DOLLAR CHECKOFF IS FARING WELL, BUT IS IT FAIR?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. STEIGER) is recognized for 15 minutes.

Mr. STEIGER of Wisconsin. Mr. Speaker, according to the Internal Revenue Service, nearly one in every four taxpayers is marking the dollar checkoff for election financing. I have introduced a bill that aims to give every taxpayer an equal right to change a dollar checkoff designation that he or she has filed. The legislation, H.R. 4927, is needed for several reasons.

THE IRS REGULATION

As of now, though we in Congress have never addressed this question, the Internal Revenue Service is accepting amended returns from one group of citizens and refusing them from others. Under a recent regulation, a taxpayer who has designated no contribution for the Presidential Election Campaign Fund, and who wishes to change that designation to "yes," may file an amended return on or before December 31, 1976. But all taxpayers who have checked "yes," and may want to change their decision, are denied any such right.

Next January, when we are scheduled to begin distributing the first of the Federal funds for Presidential candidates, many voters are going to be surprised at the manner in which their dollars are distributed. It is altogether possible that many, especially those in the lower and middle incomes, may want to transfer their dollar designations back to the general fund. For this reason, and because we in public office have done so little to explain the system, and because a number of well meaning groups are doing quite a bit to oversimplify it, we should be taking special care to see that all taxpayers have an equal right to change their checkoff designations.

Already two of my constituents who had marked the dollar checkoff when they filed returns for 1972 and 1973 have told me they had no idea that Congress would be writing the kind of formula for allocating their dollars that Congress approved in 1974. This complaint is legitimate. As recent as a year ago, we told the taxpayer quite flatly:

The dollar checkoff will apply only to the general election. Presidential nominating conventions and primary campaigns will be conducted with funding from private sources just as before.

Even today the dollar checkoff promotions are less than candid with the people. We call it the Presidential Election Campaign Fund, yet we seldom tell the taxpayer that legislation has been introduced to make this fund available to every Federal candidate, including those for the House of Representatives and the U.S. Senate, and that its 25 sponsors in the Senate have expressed the belief that such a change can take effect in time for the 1976 congressional elections.

IS IT ONE-VOTER, ONE-DOLLAR?

We are telling the people they can help clean up Presidential elections, because we have given them a one-voter, one-dollar system. This is partly true. The dollar checkoff fund is a one-voter, one-dollar system when the money goes in; but it is an unequal system coming out.

This distinction will be unimportant to many taxpayers but it will be highly important to many others. It is, therefore, incumbent on us to explain the dollar checkoff system more precisely.

We in public office, and those in the accounting and legal professions who are helping taxpayers prepare their returns, should be taking the time to point out that the way we will be distributing some of their checkoff funds is through a matching formula, and that it is possible for this formula to discriminate in its treatment of voters, in the treatment of certain candidates, and in its treatment of political parties.

Briefly, the formula says that political contributions that are no larger than $250 will be matched by public funds, so long as a candidate raises $100,000—that is, $5,000 in each of 20 States. Major party candidates, however numerous, may qualify for up to $5 million in matching funds.

What is the effect of the matching formula? Unfortunately, it varies from voter to voter.

Let us say Candidate Jones has a number of friends who are fairly well-to-do. Jones can simply ask 400 people to give him $250. Perhaps 200 couples give him $500. These 200 couples, alone, enable Jones to obtain $100,000 from the U.S. Treasury.

Candidate Smith, on the other hand, has few friends who can afford $250. Be-

fore Smith can be eligible for any dollar from the checkoff fund, he or she may need to obtain $10 from 10,000 people.

It is plain that on the scales of the U.S. Government's dollar checkoff fund, a Jones supporter carries more weight than a supporter of Smith. Twenty-five times more weight, in the case just cited.

Even though the intent of the new law was to minimize the influence of large contributions, we certainly miss that goal when a couple giving $500 is moving 25 times more Treasury money to its candidate than can a couple giving $20.

The influence of the upper-income contributor is enhanced still more by the recent change in the tax law. With the increased deduction for political contributions, effective for tax years after 1974, any married couple who gives a candidate $200 can deduct it just as they would a charitable contribution. If they happen to be in the 70-percent tax bracket, as many contributors of $200 are likely to be, the cost to themselves of such a contribution would be only $60.

This means we have a situation where Mr. and Mrs. X give $200 to Candidate Jones. The dollar checkoff system matches their gift with another $200 to Jones. Mr. and Mrs. X file for the maximum deduction on their joint tax return, and they have, in effect, directed $340 of Federal money at a cost to themselves of only $60. In such a case, the U.S. Government is matching a Jones contribution on a basis of nearly 6 to 1.

EFFECTS ON THE POLITICAL PARTIES

There are other facets of the election financing law that the taxpayer should know about. Perhaps most important of these will be what the law does by way of encouraging candidates who specialize in fundraising, and what effect a proliferation of candidates may have on one or more of our political parties. Some of the side effects are hard to predict.

We can predict that if one party has a great number of candidates running for President, that party will receive an inordinately greater share of public matching funds.

Mr. Speaker, last October when we were debating the Federal Election Campaign Act amendments, I submitted for the RECORD a chart that illustrated a possible distribution of funds if the present law had been effective in 1972.

I include it again, because the chart serves to show how disproportionately the dollar checkoff funds can be distributed between the two major parties. The figures are approximate amounts, based on what was spent in the 1972 primaries:

1972 PRESIDENTIAL PRIMARY RACES

Candidate	Approximate amount spent	Government may have given	Party totals from government
Jackson	1,200,000	1,200,000	
Humphrey	4,000,000	4,000,000	
Wallace	3,000,000	3,000,000	
Muskie	7,000,000	5,000,000	
McGovern	12,000,000	5,000,000	
Chisholm	300,000	300,000	
Hartke	175,000	175,000	
Yorty	120,000	120,000	
Bayh	750,000	750,000	
Harris	330,000	330,000	
Hughes	200,000	200,000	19,875,000
Nixon	800,000	800,000	
McCloskey	750,000	750,000	
Ashbrook	350,000	350,000	1,900,000

As the chart shows, the Democratic candidates may well have received more than 10 times more public funding than the Republicans. The system is designed to favor, intentionally or not, whichever major party happens to be divided into a number of competing segments. It is cause for concern that Government financing may promote such division within the parties and result in an even more weakened party system.

In addition to considering the effect of the checkoff fund on our parties, and to realizing how few public dollars will be going to candidates as a result of donations from those with middle and lower incomes, the taxpayer may also want to know that in the event he or she does not care for either Presidential candidate nominated by the major parties in 1976, no checkoff funds will go to an independent candidate until after the general election. Then assistance goes only to independents who received at least 5 percent of the national vote.

A WORD TO TAX PREPARERS

Many labor unions, public issue groups, and some of the Nation's largest corporations are vigorously promoting the dollar checkoff. I understand that H & R Block and other accounting concerns are advising their clients that checking off will not add to the amount of their tax obligation. I hope that tax advisers are also informing their clients how other people may be able to dispose of their checkoff funds. It will not deter a checkoff from anyone who might make a $250 contribution, but it may deter a smaller giver. Whatever they may decide, the American taxpayers are looking for straight advice, and they are getting less than straight advice in the current dollar checkoff advertising.

Mr. Speaker in recent years all branches of Government have been injured by the consequences of a lack of candor with the American people. We are trying hard at many levels to rectify this situation. It is all the more incumbent on us when dealing with a matter in which the people's own political rights are most directly affected to avoid any position in which they may later feel we misled them and blocked off all possible forms of redress.

This is why I feel most strongly we should not close the door on a taxpayer who wishes to revoke a checkoff designation.

We in Congress are 535 people and we devote our time to making laws and launching programs that govern 210 million people. The only justification we have for requiring those 210 million people to obey a law they do not like, or to pay taxes to support some programs they may abhor, is the fact that the Government we represent assures every citizen an equal right with every other citizen in choosing this Government.

There are many inequalities among people, in knowledge, in wisdom, in degree of interest in public affairs, in the ability to be persuasive. Many of these inequalities cannot be affected by Government. But one thing that Government can and must do if it is to deserve the loyalty of its people is to assure that they are not unequal before the law in their right to participate in the political process.

Every action that I know of that has been taken by the Federal Government that affects that right, from the 14th amendment to the Voting Rights Act, has been in the direction of enhancing and protecting the equal rights of citizens in the political process. But the way the checkoff funds are to be distributed restricts that right to equality, and the way the Internal Revenue Service is denying revocations of the dollar checkoff designations restricts it absolutely. I ask my colleagues to join me in sponsoring H.R. 4927. It is one way of remedying these regressive measures.

REDUCTIONS IN VETERANS' PENSIONS MUST STOP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. BURKE) is recognized for 5 minutes.

Mr. BURKE of Florida. Mr. Speaker, sometimes it seems commonsense is out of fashion in Washington. One example of this is the law passed by Congress and administered by the Veterans' Administration that causes veterans' pensions to be reduced when their social security is increased.

If it is the intention of legislators to increase social security benefits for all recipients, then it is difficult to understand why we permit a situation to exist where one group—our veterans—those men and women who have served our country in peace and war in our Armed Forces—are singled out for cuts in another source of income—their VA pensions—everytime a social security increase comes along.

In the 93d Congress an increase was passed in the income limitation on veterans' pensions which purported to allow all veterans to receive full benefit of the social security increases. However, the new limtation does not permit all veterans to receive the full benefit of social security increases. Once again, this year, I have received letters from veterans telling me of financial hardships caused by reductions in their pensions which have followed social security increases.

In the 93d Congress I introduced legislation to make certain that recipients of veterans' pension and compensation do not have the amount of such pension or compensation reduced, because of increases in monthly social security benefits. I regret that it is necessary to reintroduce this bill in the 94th Congress, I had sincerely hoped that it would be enacted by the 93d Congress. However, I am again introducing my bill today.

Under the provisions of my bill, no veteran or dependent or widow would lose their eligibility for a VA pension, or have the amount of their pension benefits reduced, because of increases in social security benefits.

Since the Veterans' Affairs Committee has indicated their intention to work on a pension reform measure during the 94th Congress, I hope that this commonsense bill will be part of any legislation that comes from the committee.

CONGRESSMAN LENT DISCLOSES 1974 FINANCIAL STATUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LENT) is recognized for 5 minutes.

Mr. LENT. Mr. Speaker, as is my practice and because of the concern with possible conflicts of interest and the financial status of all public officials expressed by many citizens, I am pleased to disclose at this time pertinent information regarding my financial status for the year 1974. This financial disclosure follows the March 12, 1974, recommendations of the Ad Hoc Committee on Financial Disclosure of the New York State Delegation to Congress, which consists of 39 Members of the House:

(a) Sources of all non-Congressional income—law firm of Hill, Lent and Troescher, Esqs., Lynbrook, New York. I received income from the practice of law, rent, speaking honorariums, interest and dividends. I do not practice in the Federal courts or before Federal agencies.

(b) Unsecured indebtedness in excess of $1,000—None.

(c) The sources of all reimbursements for expenditures in excess of $300 per item—I had Congressional expenses not compensated for by the Federal Government of $17,774. Of this sum, $8,287 was paid out of my personal funds; $7,487 was paid out of the Fourth Congressional District Congressional Club;* and $2,000 was paid by the National Republican Congressional Committee.

I had additional costs of living expenses directly related to my job as Congressman, including the maintenance of living quarters in Washington, D.C., travel, et cetera, estimated at $6,800, for which I was not reimbursed. I was allowed the statutory maximum deduction of $3,000 for these living expenses on my 1974 income tax return—IRC section 162 (a). These expenses were entirely paid from personal funds:

(d) The identity of all stocks, bonds and other securities owned outright or beneficially—I own shares in three mutual funds:

(1) Scudder, Stevens & Clark Common Stock Fund.

(2) Scudder, Stevens & Clark Special Fund.

(3) Growth Industry Shares.

I own no tax-free bonds or other securities.

(e) Business entities (including partnerships, corporations, trusts and sole proprietorships), professional organizations (of a non-eleemosynary nature), and foundations in which I am a director, officer, partner, or serve in an advisory or managerial capacity—I am a partner in the law firm of Hill, Lent and Troescher, Esqs., Lynbrook, New York.

(f) I paid $11,272 in Federal and New York State income taxes for the year 1974. I have filed a report of my earnings and sources of earnings with the House Committee on Standards of Official Conduct pursuant to Rule XLIV of the House of Representatives every year I have been in Congress.

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*The Congressional Club consists of individuals who pay annual dues of $100 each to maintain a fund used exclusively to help me defray the cost of newsletters, reports and questionnaires sent to constituents, and to pay travel, dues, office, telephone, community relations, and other expenses directly related to my job as Congressman. The proceeds of this fund were included as income on my 1974 income tax returns, and the amounts expended were deducted as official Congressional expenses, pursuant to 1973 I.R.S. Rev. Rul. No. 73-356.

CONGRESSMAN RYAN ON AMERICA'S WORLD ROLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MORGAN) is recognized for 10 minutes.

Mr. MORGAN. Mr. Speaker, in a recent article for the Sunday edition of the Los Angeles Times, a valued member of the Committee on Foreign Affairs, the Honorable LEO J. RYAN, of California, made some cogent comments on the U.S. role in Southeast Asia.

In a letter to Congressman RYAN, Mr. Edwin Guthman, who is national editor of the Los Angeles Times, said it was—

A most thoughtful article. It seems to me that one of the most lamentable developments of the past decade is that for reasons of "public relations," demogoguery or lack of candor, the political leaders of the country have been unable or unwilling to have truthful public discussion of the major issues. Then as the truth comes out, the public perceives that it has been misled and that is a principal source of the lack of confidence in government at all levels of our society. So, I am glad that you have undertaken to raise a few warning flags and I wish you well.

Like Mr. Guthman, I find Congressman RYAN's article both thoughtful and thought-provoking, and commend it to the attention of my colleagues:

[From the Los Angeles Times, Mar. 16, 1975]

THE ANGUISH OF A LIBERAL OVER AMERICA'S WORLD ROLE

(By LEO J. RYAN)

As a card-carrying "liberal", I yield to no one in my dislike for President Nguyen Van Thieu's regime in South Vietnam or, for that matter, any other oppressive and cruel dictatorship.

Nevertheless, I am hesitant to reverse America's military aid policies of the last 25 years without plenty of forethought. In the case of South Vietnam, we must face up to one stark prospect: If we drop our level of material support, that country may well fall into Communist hands.

So, you see, I am in a quandary, and there is no easy out—certainly no shortcut to certitude.

Not long ago, I went by myself to South Vietnam to examine the issues at close range. I talked to U.S. and foreign newsmen. I talked to peasants in the fields and to religious leaders bitterly opposed to the Thieu regime. Without exception, those who oppose Thieu still wanted U.S. military assistance.

At the same time, what they all feared was a North Vietnamese takeover, for they agreed that Communist rule would result in much harsher control, leading to the shooting or imprisonment of tens of thousands of South Vietnamese citizens.

Upon my return, I wrote a report for the House Foreign Affairs Committee. In it, I suggested support for the requested $300 million in additional aid because, in my view, this new and "liberal" Congress should take at least the first six months to examine where the truth may lie. To vote on continued aid for South Vietnam over the next few years without having Congress examine the matter thoroughly—and its implications over the long haul—would be to invoke the "herd instinct" approach of the past. Those who are in support of South Vietnam are Hawks or conservatives, those opposed are Doves or liberals.

The decision to be made by Congress should transcend easy labels. It is not simply $300 million for South Vietnam. The question is whether to continue funding military resistance in a country that requests our help against outside attack by a Communist government. We have followed the policy of acceding to such requests for a quarter century. My main concern is to get as many members of Congress as possible to understand the gravity of reversing this policy.

I myself may be ready to change my attitude about supporting non-Communist nations under Communist attack. I find that the Communist governments of Poland or Romania, for example, are not much harsher than the non-Communist governments of Chile or Brazil. Perhaps the line between Communist and non-Communist has been blurred or dulled over the past 25 years.

So it may be time for the United States to recognize this fact. If Congress agrees, there would be profound consequences for all of us in the years ahead. The decision should be made neither hastily nor lightly, and in reaching it we should discard all shibboleths.

As a liberal, I supported Richard Nixon's impeachment. I voted to end the bombing in Cambodia. I voted against the nomination of Nelson Rockefeller for Vice President. I opposed the nomination of Gerald Ford for Vice President. I voted to abolish the House Internal Security Committee. I voted for the Bolling Report to alter the seniority system.

But I am a troubled liberal when it comes to adopting a new role on the world stage. One reason is my fear that some in the liberal "herd" may not even recognize the need for a consistent policy. Perhaps we could save $300 million this year in Vietnam and $1.3 billion next year and billions of dollars more after that by getting out of Vietnam completely. But once we reverse the principle of involvement—a principle first established by Harry S Truman—we must also face the question of getting out of South Korea, where we have 40,000 soldiers in a country armed to the teeth against a potential Communist invader of approximately the same size and strength that threatens South Vietnam.

Perhaps we should also get out of Taiwan, which faces less potential danger than do the 18 million citizens of South Vietnam. Perhaps too, we should get out of Germany, where troops and military assistance cost billions each year.

So the decision is of wide-ranging importance and worth wide discussion. Perhaps the tens of billions of dollars being spent each year to combat Communism are allocated under assumptions that have been overtaken by time. Surely that kind of money could relieve much misery and suffering here at home and around the world.

I am also worried about how the liberal "herd" may react after South Vietnam is overrun. Will we be as hotly incensed by wholesale arrests and executions by the North Vietnamese as we are by the right-wing atrocities of the military junta in Chile, or by the well-publicized obscenities perpetrated upon the Korean people by the Park regime in Korea?

To me, as a professed liberal, the principle we need to follow is this: to support freedom of the individual against enslavement wherever we find it. In a world where that principle appears and disappears regularly within countries that we help support, we should be much more aware of situations as they change and much less sensitive to the "herd instinct" so rampant in American politics.

Congress should conform to a policy which follows an idea, not a label. It should follow and support the principle of freedom for people, but not necessarily continuing support for specific people in charge of a government at any given time.

So I think we need a breathing spell to collect our thoughts and chart a course, irrespective of what labels might be applied to the final decision. We have had quite enough name-calling in the past decade, quite enough shouting and shooting, quite enough mindless attitudinizing.

What we need to do now is, as a people, formulate a coherent way of viewing America's world role, not just for this year, but for the next quarter century.

Of all my fears, the worst is this: that we have become so mired in sloganeering that belief in principle now is confined to a handful of philosophers and, perhaps, to a few college students not yet deafened by the din.

FLAMMABLE FABRICS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 10 minutes.

Mr. JONES of North Carolina. Mr. Speaker, it has recently come to my attention that some manufacturers of upholstered furniture have been circulating here in Congress a proposed amendment to the Flammable Fabrics Act. This legislative proposal is part of a larger public relations campaign being conducted by these same manufacturers, designed to eliminate the manufacturers' responsibility for cooperating in establishing reasonable flammability standards designed to decrease the incidence of upholstered furniture fires in the home. This obstructionist effort by the furniture industry is of particular concern to me, since it involves attempting to find a scapegoat to avoid facing their own problem, a scapegoat that in this case is the tobacco industry.

The furniture manufacturers, instead of meeting their responsibilities for their own products, propose to amend the Flammable Fabrics Act to divert the Consumer Product Safety Commission's attention from the flammable fabrics themselves to a variety of other asserted causes of fabric fires. In this regard, I call attention to a statement by Gary K. Schroeder, president of the National Association of Furniture Manufacturers, Inc., made in Chicago in early January and reported in the Chicago Tribune of January 9, 1975. Mr. Schroeder stated that he thinks the required health warning on cigarette packs should be expanded to state that cigarette smoking "could cause death or loss of home from upholstery fires."

The proposed legislation and the calculated public relations campaign of which it is a part raise serious issues of legislative and regulatory policy. I would like to address these issues briefly.

As to the proposed legislation, let me say at the outset that I for one do not know what would be a proper flammability regulation for upholstered furniture. It may be, for instance, that the wisest course is to prohibit the use of certain fabrics. Alternatively, it may be, for instance, that the wisest course is to prohibit the use of certain fabrics. Alternatively, it may be sufficient to treat all fabrics chemically. Certainly there is ample textile and chemical technology right in the State of North Carolina to make such treatment feasible. But no matter what is the wisest form of regulation, it seems to me a regulation concerned with prevention of upholstered furniture fires must be directed to upholstered furniture. By contrast, the furniture manufacturers have proposed legislation that would empower—indeed direct—the Consumer Product Safety Commission to look under every rock and behind every tree for "causes" of a particular type of fire, to assess which "cause" to regulate, and to fashion standards regulating these "causes" in varying degrees.

This approach, as I understand it, depends upon the furniture manufacturers' notions about the cause and effect of fires. I do not wish here, and indeed I am not qualified to discuss the philosophical notions of cause and effect. Thus, I would not attempt to answer the question whether a fire is "caused by" the fuel that burns or by the source that ignites that fuel, a riddle akin to that of the chicken and the egg. It does not take a philosopher to see, however, that if we should attempt to regulate the various possible causes of furniture fires, instead of the furniture itself, we will just be opening up a large administrative can of worms. And it does not take a prophet to predict that the resulting confusion of the regulatory process would lead, not to beneficial regulations for the protection of the public, but to chaos that benefits no one.

The Consumer Products Safety Commission is concerned with standards for many different fabrics used in many different ways. The oldest such standard, of course, applies to clothing textiles. In addition, the Commission has promulgated or is considering standards for rugs and carpets, children's sleepwear and mattresses. What would have been the consequence had the Commission been directed to consider not a standard for the flammability of rugs or carpets or children's sleepwear, but a general survey of the possible causes of fires in which such articles are involved? Would the Commission have had to undertake a long and rambling consideration of the design of fireplaces, the relationship of which to carpet fires is obvious? As to all of the standards, would the Commission have been subjected to endless debate as to the merits of stove design, or of the wisdom of allowing portable electric heaters and other appliances to be sold and used by the public? I do not know. But I am sure that some or all of these standards, which are so difficult to formulate as it is, would not yet be on the books had we opened up the pandora's box the furniture manufacturers would have us open with their legislative proposal.

Leaving aside the unfortunate consequences of the proposed legislation, let me turn to what is perhaps the more serious concern with this whole business; that is, its implications for the character of American business. We have traditionally been a country which did not rely on excuses, and we have not achieved our present standard of living by avoiding challenge or responsibility. To be sure, the furniture manufacturers, just as many industries before them, now face a challenge. But as those others have done, they must face this challenge squarely and with integrity, and not look for a scapegoat.

Fortunately for the furniture industry, they have a good example to follow. I refer to the case of the mattress industry, which has recently cooperated with the Consumer Product Safety Commission in setting a flammability standard for mattresses. Faced with the very same problem the furniture industry is now confronting, the mattress manufacturers did not attempt to slough responsibility off on other industries, or to plead that the Government should look beyond mattresses to a variety of other alleged "causes" of fires.

Instead, they acknowledged their duty to the public, sat down with the Consumer Product Safety Commission, and its predecessor, the Department of Commerce, and worked out a viable flammability standard for bedding. Commenting upon this experience, and urging the furniture manufacturers to shoulder their responsibilities to the public, the vice president of one major mattress manufacturer has written:

The mattress industry found Government to be firm but fair.

In being firm, they were insisting on protection for the consumer consistent with the hazards that were present. They were fair in the sense that they cooperated to the maximum extent in terms of assistance in the development of a standard that was realistic and in line with the technical and financial capabilities of the mattress business. My hat is off to the Department of Commerce and to the CPSC for a job well done.

I urge the furniture manufacturers to adopt this same commendable position and to get about the business not of obstructing regulation in the public interest, but of encouraging and cooperating in the development of such regulation. Their present posture certainly does credit neither to them nor to American business as a whole. And in this day of often justified consumer hostility to American business, it is incumbent upon every businessman to assume his obligations to his customers without hesitation.

In conclusion, it seems to me that the effort by the furniture manufacturers to amend the Flammable Fabrics Act and their extensive public relations campaign, if given effect, would lead to an undesirable regulatory atmosphere that would pose many obstacles to the protection of the consumer, and to the proper functioning of our governmental agencies. And, perhaps more alarmingly, if adopted by other industries the furniture industry's attitude toward its responsibility to the public would signal a saddening change in the way that American business has faced and met challenges, and must continue to, if it is to survive.

CONGRESSIONAL SUPPORT OF ISRAEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, some of my constituents have recently expressed concern that support for Israel in the U.S. Congress may be eroding. I cannot say for certain that this will not happen in the future, but it has not happened yet. As a longtime Israeliphile myself, I am proud of the record of the U.S. Congress in providing moral and concrete support for Israel over the years.

My first exposure to the feelings of Congress came during the 6-day war of 1967. Each day a high-ranking State Department official provided us with an up-to-the-minute briefing on the progress of the war. I was struck by the large attendance at these briefings and by the fact that, without exception, the Congressmen present were applauding Israel's dramatic successes.

During the years following the 1967 war, the United States became the principal supplier of Israeli arms, France under DeGaulle having treacherously abandoned her erstwhile ally. The Congress responded favorably to the administration's requests for necessary legislation to authorize the sale of arms for cash or on credit.

In 1972 a bill was introduced by Senator MUSKIE in the Senate and by me in the House authorizing $85 million in aid to Israel to help in the absorption of refugees from the Soviet Union. Although the Nixon administration did not support this bill, the Congress responded favorably and it was enacted into law. This aid program has continued to date. In the foreign aid appropriation bill just passed by the House, $35 million is provided for this purpose for the present fiscal year. I worked closely with the chairman of the subcommittee concerned to make sure that this amount would be included in spite of the fact that the numbers of Soviet refugees arriving in Israel has markedly declined.

Another striking example of congressional response to Israeli needs occurred in 1973, right after the Yom Kippur war. In accordance with an Israeli request, the administration asked Congress for $2.2 billion in military aid to Israel. With remarkable speed the Congress authorized and appropriated the entire amount at a time when foreign aid generally was most unpopular—as it is today.

Last year, after Secretary Kissinger's successes in negotiating disengagement agreements on the Sinai and Golan fronts, the administration asked the Congress to authorize up to $250 million in economic aid for Egypt and up to $100 million for a special fund which it was understood might be used for aid to Syria. The Foreign Affairs Committee, on which I serve, was willing to go along with these requests, for reasons which I shall describe below, but insisted that Israel should have at least as much economic aid as Egypt. Thus the committee increased the administration's figure for economic aid to Israel from $50 million to $250 million. The committee also decided that of the $300 million in military sales credits for Israel in the bill, $100 million should be in grant aid.

In the Senate, the economic aid to Israel was further increased to $324.5 million. This figure was accepted by the House, and survived intact in the appropriation bill just passed.

Another illustration of congressional support for Israel was provided when the foreign aid authorization bill was before the House last December: The House overwhelmingly approved an amendment I offered to stop any further U.S. payments to the United Nations Educational, Scientific, and Cultural Organization—UNESCO—until that body reverses the blatantly political actions taken against Israel.

The Congress is also currently very concerned about the intensification of the Arab boycott against Israel, and various legislative proposals are being discussed. As chairman of the newly formed Subcommittee on International Trade and Commerce of the House Foreign Affairs Committee, I recently held three hearings on the boycott, with witnesses from leading Jewish organizations, from the financial world, and from the four executive departments principally concerned. Following these hearings, I introduced a bill, with the support of all but one of my subcommittee members, which would prohibit American banks and businesses from cooperating in any way with the boycott. This would put teeth in the law first enacted in 1965 in which businesses were encouraged not to cooperate with the boycott. I am hopeful that we will be able to push this bill through the Congress this year.

As this is written, Secretary Kissinger is struggling to achieve a further step toward peace between Israel and Egypt and to persuade Syria's Assad not to torpedo the negotiations. It is the administration's view—and presumably also that of the Israeli Government—that a new agreement in the Sinai will not only tend to turn Egypt away from thoughts of another war but will provide a momentum towards further agreements leading toward a real peace.

In this situation, the administration has argued strongly that it is important for the United States to be in a position to provide substantial economic aid to the Arab States concerned. Egypt in particular has demonstrated a desire not to be dependent on the Soviet Union, but the United States cannot encourage this desire and respond to it with empty hands. The Congress, although not at all happy about providing aid to Israel's enemies, has been persuaded by these arguments. The feeling is that, if there is a chance that such aid will help bring peace in the area, that chance should be taken.

Obviously, however, peace is not just around the corner, and for years to come Israel is going to require substantial help from the United States. It is understood, for example, that for the coming fiscal year the Israelis have asked for $2.5 billion in economic aid. The administration has not yet passed on this request to the Congress and may recommend a smaller sum.

What will the Congress do? There are a number of Members like myself who will insist that Israel must have what she needs to survive economically and to be able to negotiate with the Arabs from a position of strength. This group will be prepared to back whatever decisions the Israelis feel they must make to assure their survival.

Unfortunately, however, this group does not comprise a majority of the Congress. While up to now, as I have pointed out, the majority has indeed provided Israel with all necessary help, I am worried that this support may be eroded in the future if Israel gives the impression of being intransigent. The Israelis themselves, are aware of this danger and will have to take it into account as they reach their decisions.

While the situation is grim, I am confident that, with the same courage and ingenuity they have shown before in overcoming seemingly impossible obstacles, the Israelis, with our help, will find their way through to a secure and exciting future.

CREATION OF A SELECT COMMITTEE ON ENERGY RESERVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HUGHES) is recognized for 5 minutes.

Mr. HUGHES. Mr. Speaker, today I am introducing a resolution along with 11 cosponsors which will create a Select Committee on Energy Reserves.

It is the intent of this legislation to ascertain a precise and complete knowledge of domestic energy reserves. This committee will study natural gas and petroleum reserves by conducting hearings and employing independent geologists and field investigators to determine the impact of reserves on the present distribution and supply of these commodities as well as pricing policy. The committee will also address itself to the other questions of the possibility of unreported reserves and the potential of newly discovered reserves.

It is my firm conviction that the information gathered from this study will be vital in two regards. First, persistent rumors that supplies are being withheld by the major oil companies will be investigated. Second, since the data gleaned from the committee's work will not be a reiteration of industry figures but reliable and independent facts, a sure and invaluable base upon which a more enlightened energy policy can be built will result by the adoption of this resolution.

If the Congress and the Nation are to intelligently consider the various proposals to deal with the energy situation, solid nonindustry sources of data are crucial. It makes little sense to project either short- or long-range energy programs when the Government merely parrots the disputable industry reserve estimates.

On a related matter, Mr. Speaker, this Sunday we learned of a possible multibillion-dollar swindle at the height of the Arab oil embargo. It involved the forging of manifests, transferring of domestic oil into foreign tankers at sea for resale at a higher price in the United States, and even the participation of organized crime in this illegal profit scheme.

How can we expect the American people to make sacrifices and conserve energy when such a scandal explodes in our midst.

Had Chase Manhattan Bank been held up for a billion dollars, the Federal Bureau of Investigation, State and local policemen, and the national militia would be out searching for the culprits.

A committee of Congress should be investigating how this outrageous white collar theft occurred. I would suggest that this might be an area where a select

committee could conduct an inquiry and report back to the House.

For those who perpetrated this crime must not go unnamed or unpunished.

It is a particularly heinous act when you consider that people on fixed incomes—those in the lowest economic brackets—are forced through higher utility bills to pay for the illicit profits of a handful of criminals.

A copy of the resolution to create a Select Committee on Energy Reserves follows:

H. RES. 333

Resolved, That there is hereby created a select committee to be composed of fifteen members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the select committee shall be filled in the same manner in which the original appointment was made.

SEC. 2. The select committee is authorized and directed to conduct a full and complete investigation and study—

(1) of the nature and extent of reported, and of actual though unreported, natural gas and petroleum reserves within the territory and waters of the United States or within the limits of the outer Continental Shelf as defined in the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a));

(2) of the potential for discovery of new reserves of natural gas and petroleum;

(3) of the relationship of such reported reserves, or of such actual though unreported reserves, to present patterns of distribution and supply, with particular regard to the impact of any difference between the reported and the actual though unreported reserves on distribution shortages and on prices;

(4) of the impact of price regulation on the discovery and reporting of such reserves, and on the production and distribution (both interstate and intrastate) of the products made from such reserves; and

(5) of the means by which the reporting of such reserves may be improved.

SEC. 3. For the purpose of carrying out this resolution the select committee, or any subcommittee thereof authorized by the select committee, is authorized—

(1) to sit and act during the present Congress at such times and places within the United States, including any Commonwealth or possession thereof, whether the House is in session, has recessed, or has adjourned;

(2) to hold such hearings, and to require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents; and

(3) to conduct or have conducted such field investigations, inspections, or examinations, as it deems necessary; except that neither the select committee nor any subcommittee thereof may sit while the House is meeting unless special leave to sit shall have been obtained from the House. Subpoenas may be issued, and inspections or examinations ordered, under the signature of the chairman of the select committee or any member of the select committee designated by him, and subpoenas may be served and orders may be acted upon by any person designated by such chairman or member, but no such inspection or examination shall be conducted other than at a reasonable time, after notice, and in a reasonable manner.

SEC. 4. The select committee shall file an interim and a final report on the results of its investigation and study, six months and one year, respectively, after the date of adoption of this resolution, together with such recommendations as it deems advisable. Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

CUBA AND PANAMA CANAL: STEPS TOWARD U.S. CONQUEST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, in the years since World War II much has been published about the expansion of Soviet imperialism but relatively little has been written by experienced U.S. diplomats. It was, therefore, with the highest interest that I read a recent address before the Metropolitan Club of New York by the Honorable Spruille Braden, former U.S. Ambassador to Colombia, Cuba, and Argentina, as well as former Assistant Secretary of State for American Republic Affairs.

In this address Ambassador Braden summarizes the Soviets' step-by-step strategy for conquest of the United States, gives some of the background of Fidel Castro, emphasizes the dangers in the Caribbean, defends the present military government of Chile, exposes the State Department's plan to "give away our legal ownership" of the Canal Zone and Panama Canal, and calls upon the U.S. Senate to stop this "sabotage of the United States just rights."

In this connection, attention is invited to a historic colloquy in the U.S. Senate in the CONGRESSIONAL RECORD of March 4, 1975, pages 5070–80, led by Senators THURMOND and MCCLELLAN, on the occasion of the introduction of Senate Resolution 97 opposing the projected canal giveaway. This resolution, sponsored by 37 Senators, is sufficient to block the treaty that the executive branch has planned to submit for ratification at an early date. Also in the same issue of the CONGRESSIONAL RECORD on page 5129 is a brief statement by me showing that the people of our country are overwhelmingly opposed to the projected giveaway. This opposition includes many organizations as well as individual citizens, among them the American Legion and Veterans of Foreign Wars, the DAR, and SAR, and many others. In addition, a number of the legislatures of the States, acting in their highest sovereign capacities as partes to the Federal compact, have memoralized the Congress calling upon it to reject any encroachment upon the sovereignty of the United States over the U.S. Canal Zone. An example was the resolution adopted by the Maryland Legislature, approved by the Governor of Maryland at a ceremony in Annapolis on May 31, 1974, and quoted by Senator BEALL in an address to the U.S. Senate in the CONGRESSIONAL RECORD of June 3, 1974, pages 17298–17301.

As the Canal Zone sovereignty issue is one of transcendent importance for hemispheric security, I would urge all Members of the Congress interested in saving the Panama Canal who have not cosponsored one of the pending Canal Zone sovereignty resolutions to do so.

Because the indicated address by Ambassador Braden reflects the considered views of a greatly experienced U.S. diplomat gained from a lifetime of study as well as observatons while in positons of grave responsibility, I quote major parts of it:

CUBA: THE SOVIETS' FOURTH STEP TOWARD WORLD CONQUEST

(By Spruille Braden)

Through all history, from the slave revolution in Rome, through the communes in France until World War I even, the word "communism" and much less its ideology scarcely were known. But, always pretty much everywhere there have been individuals impelled by avarice, envy, some form of degeneracy, instinctive brutality or other moral turpitudes to seek undue power over mankind. They have struggled to control their own nations and, for that matter, the rest of the world. These evil people convinced of their own mental superiority over everyone else have created unbelievable human misery.

Such monstrous beings were Lenin, Trotsky and Stalin, along with their successors and followers. As they entrenched Marxism-Leninism, or communism in Russia, they boasted that they were members of the working classes. Actually, for the most part, all Communist leaders and adherents have been educated and come from the petite bourgeoisie or lower-middle-classes. They are white and not blue-shirted. Also, like the Nazis, they call their shots in advance.

Lenin and his successors in Russia, China and elsewhere openly declare: "There is no peace, but merely a respite in war." Dimitri Manuilsky, speaking for the Communist party in 1931, said: "War to the hilt is inevitable . . . our time will come . . . we shall need the element of surprise. The bourgeoisie will have to be put to sleep. So we shall begin by launching the most spectacular peace movement on record.

"There will be electrifying overtures and unheard-of concessions . . . capitalist countries, stupid and decadent, will rejoice to cooperate in their own destruction. They will leap at another chance to be friends. As soon as their guard is down, we shall smash them with our clenched fist."

The United States and its true allies for years ignored all these and many more advance warnings given by the Communists. Instead, during the 1950s, '60s and into the '70s we prattled about "peaceful co-existence" with the Russian, Chinese and other Communist governments.

Of late, we have called it "detente." To prove our sincerity and good faith, we dangerously have permitted the Soviet military to leap ahead of us on land, sea and in the air. Defense in space perhaps is the sole opportunity left to us. How credulous and self-deluding can we be?

Also, we have carried our self-deception to the point where despite the unfortunate history and death of the League of Nations, the U.S.A. for 30 years has supported the United Nations in every possible way. At the same time we have bowed to and even abetted Russian, Chinese and other Communist activities and intrigues within that body. As Ambassador Scali told the U.N. Assembly last week, the American public is rapidly losing faith in the U.N. I never had any from the day it was born in San Francisco.

Lenin's step-by-step program for conquest of the U.S.A. was first to render secure the Soviets' western borders through the control of Latvia, Estonia, Lithuania, Poland, and other Eastern European states.

Second, to gain control of the Far East as has been done through Mao in China and others in northern Korea and Vietnam. These subversive attacks continue against India, Indonesia, the Philippines and elsewhere.

Third, to gain control of Africa. With this

would go the Mediterranean and Indian oceans and eventually, as the Communists hope, all waterways, such as the Suez and Panama canals.

Fourth, gradually to subject all of Latin America to Communist rule.

Fifth, Lenin bragged that in this way the United States, completely surrounded, would be an easy prey. As he put it, "The imperialists will weave the rope with which we shall hang them."

Passing to another phase of Communist expansionism, my observations through the years since the early '20s and later in my first-hand encounters with the Communists—officially, individually and collectively—have convinced me that the one thing above all else they fear is physical force greater than their own.

Also, in dealings with them, it is imperative resolutely to demonstrate that one holds the winning cards; otherwise he will be beaten before he starts.

The Communists began early, but largely ineffectually in Latin America, excepting for such cases as the Communist-provoked 1931 revolution in El Salvador which cost 25,000 lives. At about that time there were uprisings in Chile, including a mutiny on the Chilean dreadnaught *Latorre* which had to be suppressed by the Chilean Air Force bombing.

Later came the brief Communist control of Guatemala. It was defeated by President Tacho Somoza of Nicaragua, in the end assisted by the United States. During the '50s there were eight Communist enclaves established in the Republic of Colombia of which only one or two now are left. But at the time they resisted any invasion by Colombian armed forces. Most of the afore-described activities probably were written off as exploratory probing.

The triumphant opportunity for installing communism in Cuba arose because Fidel Castro was made to order for Soviet purposes. He was lower-middle-class, well-educated, brutal, ruthless and with an overwhelming ambition for power. He took lessons in communism at the Soviet Legation. Even as a student in the university, he personally murdered two men on the streets of Havana, one of them a rival for the presidency of the student federation.

Two influences mainly contributed to Castro and the Communists in seizing control.

First, during the Spanish occupation of Cuba, every official sent from Spain, from the governor-general down, came with the hope of accumulating such fortune as to enable him to return to his homeland with sufficient wealth either to buy a title and/or at least to live in relative luxury.

The commerce of Cuba was controlled by Spanish merchants. The sugar industry was United States-owned. Accordingly, when the Cubans, assisted by Washington, won their independence, they necessarily took over the government and logically followed in the corrupt footsteps of the Spaniards.

It was the extortion perpetrated by the Cuban officials on American companies that induced me as ambassador to announce publicly that any United States citizen, individual or corporate, who indulged in corruption would not be received at my embassy but, on the other hand, their legitimate interests would be protected 100 percent.

By this time the Cuban people were fed up with corruption and therefore, although patriotically misguidedly, accepted Castro and his Communist fellow-travelers as saviours.

Another fact was that President Batista pursuant to the recommendations of our military, naval and air missions had bought and paid for large quantities of military hardware in the United States. Similarly, he acquired other arms for police work.

The United States government, influenced by left-wing and do-gooder elements here, suddenly refused to ship these paid-for purchases. Instead, Washington looked the other way as arms clandestinely were delivered to Castro. The clear implication for the Cuban people was that the White House was opposed to Batista while backing Castro and his cohorts.

In addition, Herbert Matthews of the New York Times was publishing column after column praising the Cuban "Robin Hood," Fidel. Before Earl Smith departed for Havana as our ambassador, the State Department instructed him to consult and abide by Matthews' advice. The latter to this day maintains that Castro was not and is not a dyed-in-the-wool Commie!

I cannot enumerate all the countless murders, tortures and other crimes perpetrated by the Castro regime when it took over on Jan. 1, 1959. Five hundred thousand Cubans fled to this country for asylum. Many were lost at sea, sunk by Cuban gunboats or returned to Cuba by our Coast Guard—a shameless breach of the freedom of the seas by us! Over $1 billion of United States property was confiscated without payment. Cuban citizens and companies lost even more in the same manner.

Castro and the Communists, guided by Russian advisers, then endeavored to stage invasions in the Dominican Republic, Venezuela, Nicaragua and Panama. Had they succeeded in the latter country, undoubtedly they would have blown up the Gatún Dam, emptying all the water from Gatún Lake. The Panama Canal would have been closed for the years necessary to rebuild the dam. Fortunately, these and other attempts at invasion were poorly planned and failed.

On the other hand, as the Soviets took over, they built two-lane highways through the huge caves underlying Cuba, brought in more than 12,000 troops in addition to Chinese, Ghananian and others. The Soviets constructed underground submarine pens which could be entered from the ocean unseen and installed a power plant and other facilities to repair submarines in Cienfuegos on the south coast.

You doubtless will recall the Bay of Pigs when we helped to train over 1,200 Cubans to invade and free their native land, but we abandoned them at the last moment to death and destruction on the beaches.

Later, in Miami, after the U.S.A. had paid a $73-million bribe to obtain the release of the prisoners taken at the Bay of Pigs, President Kennedy promised them in a speech that he would see to it that they all returned to a free Cuba. That pledge has never been kept.

Then there ensued the famous "missile crisis." For the first 36 hours President Kennedy took forthright and courageous steps, but then supinely made a secret agreement with Khrushchev that neither would we invade Cuba nor permit others to do so. The Secretary-General of the United Nations, U Thant, went to Havana and advised Castro to refuse inspection by us of the missile silos in Cuba, as had been agreed upon.

This episode is the most humiliating of our national history. The Monroe Doctrine was torn to shreds. (Parenthetically, I would observe that a former leftist president of Chile, Carlos Dávila, frankly wrote that the Monroe Doctrine was the finest piece of statesmanship and diplomacy the world ever has seen.)

Through the years the Communists have continued their attempted infiltrations of the other American republics. They succeeded to an extent in Panama, where the legitimate government of Arnulfo Arias was dislodged by a military coup under the present head of the army, Torrijos, who is at least a fellow traveler. The ministers of foreign affairs and labor are labeled as outright Communists.

Our naive statesmen in Washington have negotiated what is called the "principles" for a proposed treaty under which we would give away our entirely legal ownership, under the 1903 treaty, of the Canal Zone, including the canal itself, which cost us over $6 billion. Fortunately, there are in the Senate some 36 senators who I hope will put a stop to this sabotage of the United States' just rights.

Of course, the greatest conquest by communism after Cuba came when the Marxist Allende was able, due to the stupidity of some left-wing parties in that country to be elected president of Chile by a 36 per cent vote. By the grace of God, a Communist plot to murder all of the top army officers and other patriotic leaders was discovered in time to enable the military to throw the Communists out of their country.

Allegations have been made by the media, politicians and the usual coterie of misguided idealists and ignoramuses that the Chilean military have been guilty of much cruelty and killings. These protests mostly have been untrue. On the other hand, the army officers had to save Chile by fighting the Communists and putting an end to the latter's mass assassinations, brutalities and barbarities. They had to fight fire with fire and still do.

In Peru, a different type of military have taken over, calling themselves "nationalists," but still seizing properties owned by both Peruvian and United States citizens. Last Saturday terrorists machine-gunned the U.S.-owned Sheraton Hotel in Lima. The previous week, terrorists attacked the premier, another cabinet member and a general.

It is appropriate to observe that the misguided generosity of the U.S.A. again has led us somewhat astray. It has spent many millions to bring students from Latin America to study in our universities, which as we well know often are infested with leftist instructors. The former foreign minister of Colombia, Zuleta Angel, told me a few years ago that out of 15 fine young military officers sent to this country for postgraduate work, 13 returned home after a couple of years inculcated with communism!

Fortunately, Castro's Argentine colleague, Ché Guevara, died in a futile attempt to seize Bolivia for the Communists.

Argentina is in a mess which daily grows worse with kidnappings and murders mounting to between 100 and 200 since July 1. The so-called *Montaneros,* i.e., young Peronista Communists, have taken the lead in ruining that great country. Unless the situation is reversed, there is danger the Communists-terrorists may take over unless defeated by the army.

Excepting for Brazil, Uruguay, Nicaragua, Paraguay and now Chile, the Communist infiltration steadily progresses throughout the hemisphere.

Just last month at a meeting of the Organization of American States, a vote largely incited by Mexico, was taken to renew relations with Cuba and to invite it again to join the O.A.S. The United States abstained, as did some of our other friends in the hemisphere. Thus preventing a two-thirds vote to bring Communist Cuba back into the family of American nations.

The Soviets and their Communist satellites and stooges, increasing control over the American hemisphere, portends an extreme danger for the security of all of our nations, including the United States.

This is an extraordinary psychological development because we must remember that while the United States began the drive for freedom by insisting on our separation from Great Britain, all of the other American republics were formed for the same reason—to win independence from European or other foreign dominations or influence. Yet today many of these same republics in effect are voting for a continued permanent Communist domination of Cuba (and for that matter, of themselves) by Moscow.

An advisory committee headed by Sol Linowitz has been formed on United States-

Latin American relations. Many officers in the Department of State agree with the committee's proposal to bring Cuba back into the Organization of American States and for us in effect to give away the Panama Canal and Canal Zone.

Our naivete, not to say stupidity, in these matters rivals that of the Carthaginians when they caved in, doing nothing to protect themselves from Rome. Moreover, Mr. Linowitz and some of his commission have displayed little experience or knowledge of the nations to the south of us.

The same mistaken views were exposed by the recent visit paid by Senators Javits and Pell to Havana. In the evening of the day they arrived, Castro delivered one of his most scurrilous speeches, grossly insulting the U.S.A. and President Ford. The next night our two solons (presumably traveling at taxpayers' expense) dined with the dictator, finding him to be most amiable and charming. On their return to the banks of the Potomac, forgetting Fidel's infinite atrocities and hatred for the U.S.A., they began making motions toward establishing diplomatic relations with his regime.

Equally typical of some of our legislators was Sen. Teddy Kennedy's resolution passed last week by 46 votes to 45 proposing to prohibit the sale of arms to Chile. Thus, those patriotic Chilean citizens would be prevented from defending themselves against the Communists, who throughout have been armed by the Soviets, Czechoslovakia and Cuba.

Occasionally some of our so-called liberal senators remind me that it was said of Cato that he gave his little laws to the Roman Senate and then sat attentive to his own applause.

I trust that all of you recognizing that Lenin, Manuillusky and the other Communist leaders called their shots accurately in advance; and that, therefore, the Americas and the U.S.A. in particular are in grave peril.

HEALTH IMPLICATIONS OF SOUTH AFRICAN APARTHEID

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, I would like to insert for the thoughtful consideration of my colleagues a press release regarding a preliminary report of the World Health Organization entitled "Health Implications of Apartheid."

The text of the press release follows:

WHO REPORTS ON "HEALTH IMPLICATIONS OF APARTHEID"

(The following is reproduced as received from WHO's Liaison Office, New York.)

A report of health conditions in South Africa compiled by the World Health Organization (WHO) shows a physician to population ratio for its some 3.8 million whites that ranks among the world's best—1 to 400. By comparison, for its approximately 15 million blacks, the majority, the ratio is 1 to 44,400—among the world's worst.

For nurses, the contrast is also striking: 1 to 256 for whites, and 1 to 1,581 for blacks. The ratio for doctors and nurses for the country's other ethnic groups—its 2.5 million Asian and the so-called Colored—is somewhere in between the black and white extremes.

The disparity in the physician ratio between whites and blacks is likely to become even more pronounced in the years ahead. According to the report, in 1973, there were 15 black graduates from medical schools as compared to 440 whites.

"Before it was prevented by law from admitting African students, except by special dispensation," the report says by way of example, "the University of Witwatersrand had trained 103 African physicians. In 1973, it had only one African student."

The 13-page preliminary report is titled "Health Implications of Apartheid." * It contains a key statement from the Director-General of the WHO, Dr. Halfdan T. Mahler, namely, that he "believes the health situation of the groups discriminated against by the policy of apartheid will not be likely to improve as long as that policy exists."

The report is based on a preliminary survey of information, "as is available", from such sources as the South African Institute of Race Relations, from medical journals, and from United Nations and South African documents. It is partly based, as well, on the observations of physicians and other individuals coming from South Africa.

The survey was carried out at the suggestion of the United Nations Special Committee Against Apartheid, and presented in January to the WHO's Executive Board. It was recently transmitted to the Special Committee.

In an explanation of the reason for its reliance on the accessible data, the report states: "Although comprehensive health statistics are unavailable for South Africa as a whole, and are especially lacking for the Africans who constitute about 70 per cent of the total population, such information as is available both from official South African sources and from the South African medical literature provides sufficient evidence of massive prevalence of preventable disease and premature deaths due mainly to nutritional deficiencies and infections."

That is so because: "Apartheid results in the segregation by law of all services for the delivery of health care according to racial group—those whose need is greatest having the least access to preventive and curative facilities."

OPPOSITION TO DIFFERENTIAL PAY

The survey also reports a growing opposition on the part of South Africa's medical profession to one long-established policy, that of "differential rates of pay for physicians of different ethnic origins".

The Medical Association of South Africa (MASA), which is "predominantly white", adopted a resolution in 1968 urging "authorities to give sympathetic consideration to removing the present source of friction regarding the differential salary structure existing between white and non-white doctors". MASA, according to the report, "does not itself practise racial discrimination, and has office-holders of other ethnic groups".

In summary, the WHO report says that the health conditions of South Africa are such that they show "high standards of living and health care for the whites, and varying degrees of poverty, squalor, and disease for the remaining majority of the population". Excerpts follow:

Mental Health: More than half the African population reside in "Bantu homelands", though some 40 per cent work outside, in "white" areas where they cannot bring their families. "For the whole broken family, inability to lead a normal family life, and consciousness of being regarded and treated as inferiors, could not be other than harmful to mental health."

According to estimates, of those Africans admitted to mental hospitals, "almost two-thirds are schizophrenics, while one-sixth are suffering from toxic and exhaustion psychosis, and one-twelfth from epileptic psychosis".

Infant Mortality: Infant mortality rates are generally regarded as a good indicator of health levels. "In Johannesburg, the rates ... in 1970 were 20.26 per thousand for whites, 29.30 for Asians, 66.07 for Coloreds and 95.48 for Africans".

Maternal Mortality: According to a report of the Johannesburg health department, maternal mortality rates were 0.48 per thousand for whites, 1.91 for Asians, 0.63 for Coloreds, and 2.53 for Africans.

Life Expectancy: For whites: 64.5 years male, 72.3 female; for Asians: 59.3 male, 63.9 female; and for Coloreds: 48.8 male, 56.1 female. These are figures for 1969 through 1971 from the South African Minister of Statistics. No figures were available for the African population.

Malnutrition: "The prime cause of nutritional deficiencies is poverty, although there are other contributory factors, of which one of the most important is the migrant labor system, which results in the disruption of families.

"Moreover, in the 'homelands' to which many Africans have been compulsorily transferred, there is only 20 per cent of the total cultivable land in the country, very little irrigation, and much soil erosion.

"It has been estimated that two-thirds of Africans living in any industrial complex are living below the 'poverty datum line'."

Communicable Diseases: Tuberculosis was still a major public health problem in 1972, according to South Africa's Health Department. In 1970, for example, 54,525 cases of respiratory TB were reported among Africans—almost 70 times more than the 800 reported among whites.

In addition, health officials say, "it would appear doubtful whether the coverage of case-finding in the African population is sufficiently thorough to reflect the true prevalence of the disease". The incidence of other communicable diseases in the African population is equally difficult to determine.

However, the municipality of Cape Town reported in 1972 that the ratio of "whites to non-whites" treated for sexually-transmitted diseases was respectively 1.6 and 22.4 per thousand.

"Such a disproportion can hardly be disassociated from differences in the socio-economic and educational status of the respective groups", the report says, "and also from the rootless situation of the migrant workers living far from their wives and families, and from the social solidarity of their traditional environment".

Hospitals: "According to official statistics, there were, in 1958, 21,535 hospital beds for white patients, and 49,743 for non-whites. These figures imply that about 43 per cent of the total number of hospital beds were reserved for the white minority.... In other words, the least provision was made for those with the greatest needs."

A later estimate, attributed to South Africa's director of strategic planning, was that in the "white" areas, in 1972, there were some 10 hospital beds per thousand for whites, and 5.57 for "non-whites". In the "homelands", the figure was even lower, 3.48 beds.

* Reference copies of the report are available to accredited correspondents at the Press Documents Counter, Room 390.

CALIFORNIA ADOPTS AUTO EMISSION STANDARDS STRICTER THAN THOSE REQUIRED BY EXISTING LAW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BROWN) is recognized for 5 minutes.

Mr. BROWN of California. Mr. Speaker, I wish to announce a decision that the State of California made today concerning auto emission standards in

the State of California. Under the Clean Air Act, California has the right to set stricter auto emission standards, and the Air Resources Board exercised this option today in California. They decided to set for 1977 auto emission standards of 0.41 gm/mi for hydrocarbons; 9.0 gm/mi for carbon monoxide; and 1.5 gm/mi for nitrogen oxides. This compares with the decision by the Environmental Protection Agency a short time ago to set the 1977 national auto emission standard at 1.5 gm/mi hydrocarbons; 15.0 gm/mi carbon monoxide; and 2.0 gm/mi nitrogen oxides. The decision by the State of California is not made easily. The Air Resources Board has been giving this subject intensive review, and it has had to carefully consider the related issue of sulfate emissions from automobiles Their decision to cut the current emission standards of 0.9 gm/mi HC; 9.0 gm/mi CO; and 2.0 gm/mi NOx to those now required was made because of the need to protect the health of the citizens of California from auto emissions.

I can only say that I find it gratifying that California has decided to act in the public interest, while I am still seriously disappointed that the Federal Environmental Protection Agency has decided not to.

Because the subject of auto emissions and the Clean Air Act in general are a matter of great concern and interest to my colleagues, and because we will all be asked to act on this subject in the near future, I would like to bring an additional related item to my colleagues' attention. The new Governor of California, Edmund G. Brown, Jr., has taken an intensive interest in the issue of the Clean Air Act, and his recommendations to the Congress were transmitted to the House Subcommittee on Health and the Environment this morning.

I found the views of Governor Brown very helpful to me to understand what the Clean Air Act needs to make it accomplish its purpose. I highly recommend the testimony that was presented by Mr. William H. Lewis on behalf of Governor Brown to my colleagues.

The testimony follows:

TESTIMONY OF WILLIAM H. LEWIS, SPECIAL ADVISOR ON ENVIRONMENTAL POLICY, STATE OF CALIFORNIA

I am Bill Lewis, representing the administration of Governor Edmund G. Brown, Jr. of California and the California Air Resources Board. The issue before you—amendment of the Clean Air Act—is of vital concern to the State of California. Governor Brown has repeatedly indicated that cleaning up the quality of the air in Southern California is one of his highest priorities. As you know, the air basins in which Los Angeles and the state's other major metropolitan areas are located are among the nation's most polluted.

We strongly support the purposes and goals embodied in the Clean Air Act. Therefore, except for possible modifications permitting extensions of the 1977 deadline for regions which cannot achieve compliance with the standards by 1977, we recommend that you do not adopt any amendments to the Act which would weaken in any way our nation's commitment to have clear air. In addition, we urge that you do not adopt any amendment which would preclude the use of any available control strategy which could be used to clean up our air.

We believe that the deadline for attaining clean air throughout the country should continue to be 1977. We recognize however that some regions may require additional time to meet the air standards if they are to avoid the serious disruptive economic effects which would result from the transportation control measures necessary to achieve compliance by 1977. Therefore, we recommend that the Act be amended to permit the granting of extensions administratively pursuant to compliance schedules which will assure attainment. The development of a compliance schedule would require the various trade-offs necessary to be made to be addressed and would permit the flexibility necessary to design control strategies which would not have disastrous economic consequences.

It is clear that one of the most cost effective and significant ways to reduce photochemical smog is by decreasing the pollutants emitted by automobiles. Governor Brown and the California Air Resources Board are particularly concerned about the recent decision of EPA Administrator Russell Train to extend the statutory vehicle emission standards for 1977 and to recommend substantially less stringent standards for the years 1977 through 1981 than now are required under the Act. Mr. Train apparently favors this substantial relaxation of the standards because of an unproved possible danger to health which might result from sulfuric acid emissions from automobiles utilizing catalytic converters, even though there exist several feasible control strategies—such as the use of three-way catalytic converters or stratified charge engines or the desulfurization of gasoline—which would minimize the possibility of any adverse effects on public health from sulfuric acid emissions.

The California Air Resources Board has concluded that following the lead of the EPA is not in the best interests of the citizens of California. Accordingly, yesterday the Board established automobile emission standards for 1977 which are more stringent than the current California standards and more stringent than the standards proposed by EPA for any year prior to 1982. These standards are .41 g./mi. for hydrocarbons, 9.0 g./mi. for carbon monoxide and 1.5 g./mi. for oxides of nitrogen. The Board is concerned about the possible health effects of sulfuric acid emissions even though it feels the potential danger has been overstated by EPA. Therefore, the Board plans to establish sulfate standards for 1977 and 1978 at its April meeting which will be designed to eliminate the possibility that sulfuric acid emissions from automobiles will pose a public health problem in California.

The Board is convinced that the technology will be available and in production quickly enough to permit the 1977 and any subsequent standards to be met without unreasonable economic consequences to the automobile manufacturers or to California automobile purchasers. On the other hand, the adverse consequences to the state's effort to clean up its air by relaxing automobile emission standards would be devastating. It must be remembered that the effects of greater emissions of pollutants from automobiles will be felt for the life of the vehicles—generally estimated to be at least 10 years on the average. To relax the standards for 1 year would mean, for example, at least a 10-year postponement in cleaning up the air in Los Angeles. Subjecting the people of Los Angeles to this future is not a satisfactory alternative.

In summary, Governor Brown and the California Air Resources Board urge you to remain vigilant in your efforts to keep the Clean Air Act from being emasculated. We think the Act should allow extensions to be granted administratively to those regions which may need additional time to meet the basic national air standards so long as those regions formulate and implement acceptable compliance schedules. But we urge that no use of any available control strategy which would change the basic national 1977 deadline for attaining clear air or preclude the use of any available control strategy which could be used to clean up our air.

THE LATE HOWARD PALMATIER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FASCELL) is recognized for 10 minutes.

Mr. FASCELL. Mr. Speaker, it is with deep regret that I inform our colleagues of the sudden death last night in Miami, Fla., of Mr. Howard Palmatier, director of the Cuban refugee program.

Mr. Palmatier was associated with the program, which was established to aid those Cubans fleeing to this country from Communist Cuba, since 1963. For a brief period, in 1967, he was assigned to South Vietnam, where he worked with refugee operations at the U.S. AID Mission. However, he returned to the Cuban refugee program in 1968 and was named director in 1969.

Howard Palmatier was the Cuban refugee program and through his efforts, hundreds of thousands of Cuban nationals made their way to freedom in the United States and were given a start on a new life.

He not only administered the processing of applications for the freedom flights before they were ended; he supervised the assistance programs that were designed to help these individuals get settled in this country; oversaw relocation programs to other parts of the country; operated health clinics for the refugees, and worked closely with local south Florida officials in an effort to help ease the strain of the enormous influx of new population into the area.

His task was not always an easy one. The program, of necessity, posed controversial problems and there were rough spots in making it work. But Howard Palmatier tackled the job calmly, forthrightly, and with incredible dedication.

He initiated the concept of presenting an award—the Diploma of Honor Lincoln-Marti—to be granted to those Cuban refugees who had distinguished themselves by their cooperation with the program and their constructive contributions to the American community.

In turn, he, himself, was presented with a special award, "Hall de la Fama", by the Latin American Division of International Research for his efforts and achievements in the relationship between the Cuban community and the United States.

He was a man who truly loved his job and who made his work his life. He took a personal interest in every individual case he handled. He was highly respected by both the American community and by the vast majority of the Cubans with whom he worked.

On another occasion, Dr. Horacio Aguirre, editor of the Miami Spanish-language newspaper, Diaria las Americas, presented Mr. Palmatier with a diploma of recognition in the name of the civic and professional institutions in the area and the Cuban Municipalities in Exile. In his remarks, Dr. Aguirre noted that Mr. Palmatier, both "as an official and a man, has been preoccupied in finding in the Cuban refugee program the most generous manner of aiding the human beings who come fleeing the homeland of Marti.

"Tonight," Dr. Aguirre said, "the Cuban people in exile and those who share their sorrows and hurts, are here to render tribute to a worthy representative of the Government of the United States."

I know our colleagues will join me in expressing our deepest sympathy to his widow, Dania Gonzalez Palmatier, their daughter, Dania Margarita, and his two sons, Robert and Jeffrey.

REGULATIONS CONCERNING ACCESS TO NIXON PRESIDENTIAL MATERIALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, on December 19, 1974, President Ford signed S. 4016 into law as Public Law 93-426. This is the Presidential Recordings and Materials Preservation Act, concerned with the preservation of and public access to the Presidential materials of Richard M. Nixon—title I.

On March 19, Arthur F. Sampson, Administrator of General Services, will submit to the Congress a report proposing and explaining regulations governing general public access to Mr. Nixon's Presidential tapes and papers. These proposed regulations shall take effect upon expiration of 90 legislative days unless disapproved by resolution of either House of the Congress.

Mr. Speaker, Mr. Sampson has invited all Members of Congress to attend a briefing he will hold on the regulations at 10 a.m. on March 19 in room 3302 of the Dirksen Office Building. Because of the overriding importance of these regulations and the sensitive and complicated nature of the materials involved, I strongly urge that all Members attend or be represented at this session.

CAMBODIA: ANOTHER INCREDIBLE DEVELOPMENT

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, once before U.S. involvement in Cambodia seriously strained our governmental system and undermined the confidence of our people in their Government.

From a UPI wire service story yesterday, it appears that this may happen again. The article reads as follows:

WASHINGTON.—The State Department announced today that Cambodia was overcharged $21.5 million for military weapons and ammunition in fiscal 1974 and now will be repaid in military material totaling that amount.

State Department spokesman Robert Funseth said a Defense Department audit begun in May, 1974, determined that the Army failed to deliver $21.5 million in ammunition for Cambodia under the fiscal 1974 military assistance program.

The announcement comes at a time when Congress is resisting President Ford's request for an extra $222 million in emergency military aid to Cambodia.

He said the finding made last Monday, resulted in a credit to the Cambodian Government the following day.

"The underdelivery resulted from a practice by the Department of the Army of pricing ammunition on the basis of delivery notifications received some weeks after actual delivery of the ammunition," Funseth said.

"Because the program was carried out during a period of rapidly rising prices, late pricing resulted in overcharges."

Mr. Speaker, this report that the Department of State has discovered an overcharge on previous arms aid to Cambodia and that additional arms can now be sent within congressionally imposed aid limits, borders on the incomprehensible. If such reports are correct, then, before any new shipments are made, Congress should be given a full and complete explanation. To do otherwise, will seriously undermine the confidence of the American people in the executive branch and threaten whatever prospects exist for improved cooperation between the President and the Congress with respect to foreign policy.

LIBERAL PARTY DELEGATE CONVENTION ON THE ECONOMIC CRISIS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, last night I attended a meeting of the Liberal Party Delegate Convention, held to review a nine-point national program to rescue our economy. There were more than 500 people present at the meeting presided over by the State Liberal Party Chairman Donald S. Harrington. The convention invited Senator JACOB K. JAVITS, our colleague, LESTER WOLFF, and me to speak. The convention adopted a statement which I believe this Congress should consider carefully. It is a progressive program thoughtfully conceived and if implemented would have an enormous positive impact on our country economically. I am setting forth the statement of the Liberal Party as well as my own remarks delivered at the convention:

STATEMENT BY THE LIBERAL PARTY ON THE ECONOMIC CRISIS

Our country has been plunged into an economic crisis which is becoming more severe with each passing week. The American people are suffering unbearable and unnecessary hardships, brought on by a barrage of runaway prices which have eroded their helpless victims of the Nixon-Ford economic "game plans," which transformed a 4.4% inflation rate in 1971 into a catastrophic 12.2% rate for 1974.

In trying to control inflation, the Ford Administration deliberately created a recession. It typically adopted policies that it knew would increase the unemployment rate in the hope that this would lower the inflation rate. The results of these heartless and rash policies are now obvious to everyone. There are already close to 8 million people unemployed, according to the government's official, understated figures, and their number is growing daily. The unemployment rate, which was 3.4% in 1969 when Nixon became President, is now 9% and is expected to rise even higher. In short, we are in the grip of the worst economic disaster since the depression of the 1930's—and the cost of living still keeps on rising.

As gloomy as the economic picture is, we believe that the twin evils of inflation and recession can be cured, but it will take farsighted policies, extraordinary measures and inspiring leadership to accomplish this. Unlike the Ford Administration, the Liberal Party believes, as it has throughout the three decades of its existence, that full employment is the keystone of economic prosperity. Full employment is the most effective, as well as the most humane method of eliminating *both* inflation and recession. If we can utilize to the fullest our most precious source of energy—human energy—we can produce enough goods and services to meet total consumer demand, and there will be no excuse for inflationary prices. Conversely, when people have enough income to buy the goods produced by the economy, recessions can be avoided. The truth is that we need a vast expansion of such industries as mass transportation, housing, sewage treatment, recycling, pollution control, health facilities and education, among others, which would furnish us with the important needs of modern society and, at the same time, provide the source for millions of constructive jobs.

The Liberal Party offers the following recommendations to deal with the economic crisis:

1. A tax cut of at least $25 billion which can serve as an important stimulant to the economy, especially if this money is distributed to the low- and middle-income families who desperately need the additional purchasing power to make ends meet. The same principle should be applied to any tax rebate on 1974 taxes.

2. The creation of an additional one million public service jobs to be allocated to those regions in the nation and those groups in the population that have suffered most acutely from unemployment.

3. The extension of unemployment insurance benefits to all jobless workers, including those not now covered by the law, and a substantial increase in these benefits, including allowances for dependents. Unemployment insurance coverage must be extended for as long a period as is necessary, and the benefits must be guaranteed by adequate financing by the Federal government.

4. A sharp reduction in interest rates and the allocation of credit to worthwhile, job-producing industries. These measures can provide a powerful impetus to the housing industry which has been brought to a virtual state of collapse by the Administration's ill-conceived monetary policies. A revival of the housing industry and a dramatic increase in housing "starts" would have a three-fold beneficial effect: (1) it would alleviate an acute housing shortage which has driven up rents; (2) it would create jobs for tens of thousands of unemployed building trades craftsmen; and (3) it would stimulate production and employment in related industries, such as building materials, building services and home furnishings.

5. Cost-of-living provisions to cover all those who are on Social Security, who are collecting unemployment insurance, or who are receiving public assistance in any form. This, together with an expansion of the food stamp and rent subsidy programs, would help safeguard their living standards against the ravages of inflation, just as those who work seek such protection through their union contracts. In this connection, we vigorously oppose President Ford's effort to place a 5% "lid" on increases in Social Security benefits.

6. With respect to the energy problem, we recommend a detailed, full-scale inventory of the nation's energy production, resources and reserves. Only in this way can we obtain an accurate picture of the extent of the energy shortage, now and in the future. If an energy gap does exist, there are at least five ways to cope with it: (1) increased efficiency and output of existing facilities; (2) exploitation of our vast, untapped natural energy sources; (3) development of new sources of safe, clean and cheap energy, such as synthetic oil and gas, solar and geothermal energy and hydrogen fusion; (4) importation of oil from abroad; and (5) conservation of energy through voluntary and, if necessary, compulsory measures. There is no need for us to act out of panic if we use all of our options wisely and in balance to overcome any gaps revealed by a national inventory of our energy resources. If need be, let the U.S. Government act in behalf of all the people and take over the national oil and gas resources of our country, including the great oil shale deposits and the offshore oil resources. The government should also exercise control over all oil imports from abroad. Fuel oil and gas constitute the very lifeblood of our economy. The Federal Government has a clear duty to step in and act for *all* the people as against the profiteering and self-serving policies of both the giant oil companies and the oil-rich Arab shieks. At the same time, the health and welfare of our people demand that we not sacrifice the progress we have already made in protecting our environment from the excesses of energy utilization.

7. We reject the Ford Administration's method of rationing which would raise fuel prices by excise taxes and decontrol of natural gas and crude oil. Under such a rationing plan, the rich would get more than they want and the poor less than they need. If rationing is necessary, it should be instituted along the lines of the system used during World War II, which would insure an equitable distribution of limited supplies for the duration of the emergency. Other reforms, such as increased use of small cars, limited speeds and greater emphasis on mass transit, could also be important in this effort.

8. We are mindful of the fact that the measures we have proposed to stimulate the economy will require large sums of money. We believe that this money is obtainable if Congress would close the tax loopholes through which highly profitable corporations and wealthy individuals avoid paying their fair share of taxes, not to mention the tens of billions of dollars of undivided profits being withheld by the large corporations. We call for the elimination of oil depletion allowances. Through such an equitable tax program, an estimated $30 billion can be returned to the U.S. Treasury.

9. Furthermore, we believe that the military budget can and must be cut substantially to give our nation the added funds it needs to combat the immediate economic dangers which are engulfing us. It is absolutely unconscionable for the Ford Administration to propose pouring an additional $300 million down the drain to support the discredited Thieu government in South Vietnam, and an additional $220 million for the Lon Nol regime in Cambodia, while attempting to cut food stamps and other social welfare programs for the poor and hungry in our country. We feel that the nation's security will not be jeopardized if the government would transfer some of the many billions of dollars now earmarked for nuclear weapons to the more urgent activity of promoting employment and economic recovery. If, in addition, the Pentagon were placed on the kind of austerity program that all of the people are being asked to endure, an estimated saving of $25 billion and probably more could be realized. This money, too, is desperately needed to fight the recession.

The Liberal Party does not claim that its recommendations in this brief statement constitute a full-fledged, comprehensive program, nor does it view them as a panacea that will overcome all of our economic ills. It does, however, maintain that these proposals are essential ingredients in any concerted effort to rescue our country from the brink of catastrophe and to rebuild a healthy economy. What we as a people were able to accomplish from 1939 to 1945 in fulfilling our needs and purposes during the critical period of World War II, we can accomplish today through leadership, national will, planning and a bold, vigorous and equitable program to deal with the great economic crisis facing us today.

DELEGATE CONFERENCE OF THE LIBERAL PARTY

(By EDWARD I. KOCH)

The American economy is now suffering from the first depression of the postwar era. The response of the Ford administration has been both inappropriate and inadequate. While unemployment rapidly approaches 10% and supplementary unemployment benefits, as well as regular unemployment compensation, begin to run dry, Treasury Secretary Simon and Federal Reserve Chairman Arthur Burns solemnly warn of the danger of excessive stimulation. Indeed until Christmas, President Ford was promoting a tax increase, distributing WIN buttons, and dragging his skis on the Colorado slopes. His January program, most of it mercifully now dead, threatened simultaneously to aggravate inflation and deepen recession—no inconsiderable feat. The energy program would have had the effect, if Congress had not vetoed two-thirds of the $3 levy, of raising the price of oil from $11 to $14 per barrel and increasing the cost of living 2 to 3%.

Here is something worth lingering on. For a year and a half, the Administration and its agents have been complaining that the price of oil at $11 per barrel is intolerable. Its response is to add $3 to this unsupportable burden. Just as there are signs of glut of oil, dissension among members of the OPEC cartel, and good prospects of large new supplies from the North Sea, Mexico, and elsewhere, Dr. Kissinger is proposing to put a *floor* under international oil prices. Who will benefit aside from OPEC and our own oil giants is unclear.

I don't want to spend my time complaining about Administration policies that are almost embarrassing in their confusion. What should we be doing right now? What should we be doing to guard against new disaster in the future?

THE IMMEDIATE EMERGENCY

1. *Energy:* Let me tell you what I believe in—the immediate termination of oil depletion allowances and the institution of competition in the energy industry. I voted with the majority of the House to eliminate the 22% oil depletion allowance this year. We also must break up the current monopolies which allow oil companies to control the wholesaling and retailing, as well as production, of oil and oil products. Senator Adlai Stevenson has introduced legislation to put the federal government into the oil exploration business. This is a good step but it doesn't go far enough. We must also advance the technology of coal gasification through either price guarantees to the coal industry or government supported research.

During recent House Ways and Means Committee hearings on improving automobile fuel economy, I proposed that an *annual*—annual, not one time—excise tax be imposed on gas guzzlers. We could have a 63% improvement in fuel economy if we were to change the nature of automobile ownership so as to increase the percentage of compact and subcompact cars.

2. *Taxes*: I voted for the House passed bill which provides for $21 billion tax rebate and tax reduction over the next two years. What sane politician would do otherwise? And undoubtedly the Senate will increase that to more than $30 billion. But I have my doubts as to whether this in fact is the best approach to our current depression. I believe that if we invested $30 billion this year in public works projects and put people to work while at the same time adding to the gross national product of this country, we would be doing much better than putting $100 or $200 into the pockets of a family on a one shot basis. I am on the Transportation Subcommittee of the Appropriations Committee. Just the other day some AMTRAK officials testified before my committee and complained about the fall off in rail ridership and the need to repair the existing track on some of the rails in the Northeast corridor so that trains would not have to reduce their speeds to 30 mph when they should be doing 70 mph. We talked about the Metroliner which originally ran between New York and Washington in 3 hours and now often takes considerably longer. The train is capable of going 150 mph, but does an average of 80 mph. Why? Because the track and the catenaries (overhead wiring) are pre World War I in parts and not capable of using the Metroliner at its optimum. To replace the existing track bed and catenaries would cost approximately $2 billion and would reduce the time to 2½ hours or less. Aside from that simple convenience, think of the hundreds of thousands who could be employed on such projects throughout the country. We are abandoning rail lines at this moment because they are antiquated and can no longer do the job.

3. *Inflation*: Inflation is still with us although prices are beginning to fall. I keep track of what for me are a few staples—tunafish, mayonnaise and Keebler cookies. In the last 18 months, a small can of tunafish went from 31¢ to 45¢ and its price has not fallen, but mayonnaise which went from 79¢ a quart to $1.59 has fallen by 20¢ and Keebler cookies which went from 43¢ to 99¢ a bag in the last 18 months was just reduced to 89¢. Inflation while waning, is still with us and what we must do in that area is to provide controls for those sectors of our economy that are not truly competitive: such as the basic industries of steel, fuel, utilities and cars leaving wherever possible in the truly competitive economy the market forces of competition to control prices.

Conclusion: The single most important legislation, and I am not the initiator of it, but a co-sponsor, is that of Congressman Augustus Hawkins, H.R. 50, The Equal Opportunity and Full Employment Act. It is an update of the original full employment act of 1945 sponsored by Senator Robert F. Wagner. He did not weasel word his legislation. His bill established a policy of full employment for the United States and directed the President and Congress to take what action necessary every year to implement this policy. Since then every President and every Congress has violated that promise. It is never too late to undo the errors of yesterday. It is never too late to have a new beginning. We cannot accept the goal of the Administration as set forth by the Federal Reserve Chairman Arthur Burns who only last week spoke of reducing unemployment to 5.5% in the next 2 or 3 years. That kind of half-hearted approach must be resisted. Other free societies,

the Swedes, the Germans, the Swiss, the Australians have provided near full employment for their citizens; surely we can equal if not better their record with the bounty that God has provided this country. We, and particularly those in the Liberal Party, are sensitive to the dangers high unemployment poses to our First Amendment rights while totalitarian states have full employment at the cost of democratic freedoms. We must prove that we can have both political freedom and full employment and that in a Democracy that must go hand in hand.

Finally, let me say, and I know this is tangential to this address but it is close to my heart, that we must address ourselves in a very special way to two sectors of our population: the elderly and the children. Our elderly are suffering as no other group in this country and the greatest blot on the Ford record is the proposed reduction in the value of food stamps. And it is to the discredit of every public office holder in this country, without regard to party, that we have permitted our elderly to be abandoned and to be ripped off by rapacious nursing home operators. And our children, what of them? The Ford Administration has proposed an elimination of the school lunch, school breakfast, special milk, day care, summer feeding and supplemental feeding programs. That must and will be stopped. Dostoevski said that we could judge a society by the way it treats its prisoners. I would suggest that we can judge it by the way it treats its elderly and children, as well.

All is not bleak although we have dwelt on the gloomy side. I am now in my seventh year and fourth term in the House of Representatives and I can tell you that the new Members and there are 92 new Members, have brought a new spirit. They have made changes by their very presence in the structure of the Congress which you already are aware of and I believe they represent the best in this country and that you can depend on them and me to do what is right and get this country going again.

HOME HEALTH CARE—PART II

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 60 House cosponsors, I have introduced H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators FRANK MOSS and FRANK CHURCH, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, HUGH SCOTT, Senate minority leader, and Senators WILLIAMS, DOMENICI, and TUNNEY.

To discuss the need for home health care and the public support this proposal is receiving, it is my intention to place statements in the RECORD several times a week by experts and lay persons commenting on the legislation.

This is the second in the series.

STATEMENT OF THE AMERICAN PUBLIC HEALTH ASSOCIATION

(By C. Arden Miller, M.D., president)

We have read, with interest, your draft bill on the expansion of home health services and commend this effort as a long-needed and positive step in the provision of long-term care.

As well as offering badly needed changes such as the abolition of a ceiling on the number of days of coverage and the inclusion of homemaking as a covered service, we believe your bill provides for some innovative means of encouraging home health care. The provision that allows for the payment of rent and for the expansion of Federal funding for congregate housing are affirmative programs that will have impact on changing this nation's archaic tendency towards emphasizing institutional care.

[From the American Journal of Public Health, February 1974, Vol. 64, No. 2]

HOME HEALTH SERVICES: A NATIONAL NEED

I. BACKGROUND

Fostering social conditions and programs which safeguard and enhance the health of the population is one of the basic tenets of public health. Yet home health programs and delivery of home health services have been primarily dependent upon the recommendations and referrals of institutions for care of the sick, or upon individual physicians.

It is estimated that between 4–7 million persons in need of long-term care are living outside of institutions. It is imperative that the public health profession address itself to the endorsement, support, and creation of home health services programs which will maintain this "high-risk" group in the mainstream of society, as well as make it possible for those who are institutionalized to return to their homes, families, and commmunities.

In "A Report to the Special Committee on Aging, United States Senate," prepared by Brahna Trager in April, 1972, Senators Church and Muskie state:

"For too long these vital services have been pushed to the sidelines. Their potential has not been realized. And this neglect of these services has caused us all to suffer in one way or another. The most unfortunate victims have been the consumers who need their services."

Throughout the history of mankind, people in need of help during illness and disability have been in their homes for the great proportion of the time. Even today, with our sophisticated development for diagnostic and treatment services in institutions, the great bulk of need still exists outside of these facilities. One has only to consider the prevalence and trend of chronic illness in our society to arrive at one very impressive gauge of this fact. The National Health Interview Survey of 1965 and 1967 found that 85.6 percent of persons over age 65 and living at home had one or more chronic illness conditions; 46 percent of those age 65 and over had varying degrees of limitation of major activity (ability to work, keep house, etc.). In addition, nearly 5 percent were confined to the house.

Our modern preoccupation with the organization, equipping, and financing of institutional care has led us to a disproportionate investment of economic and manpower resources in this area, especially in acute care facilities. One cannot argue that these are not an extremely important and vital part of our health care system, for indeed they are. But we have neglected the adequate development of long-term care institutions and have almost completely ignored the home care field. The reasons for this are well known, and need not be more than mentioned here, but a partial listing would include:

Technological advancements which require patients to come to a given facility;

Urbanization and transportation facilities bringing people within reach of medical center institutions;

Third-party payment which fosters hospitalization:

Relative ease of gaining contributor and government support for the visible "bricks and mortar" facility and for the dramatic application of medical advancements carried out in hospitals;

Convenience and economical expenditure of time for physicians and other health personnel when patients are institutionalized;

Lack of available family members to provide support services outside of institutions, due to population mobility and the high proportion of women employed outside the home.

Development of long-term care facilities has grown impressively in recent years, but there is considerable evidence that we are using many of them inappropriately. A list of studies on the subject is attached (see Appendix A), but in sum, they show that, in the nursing homes studied, from 20 to 50 percent of patients could have used less costly levels of care.

It is significant that the limited, recent concern for fostering "alternatives to institutional care" has been triggered almost exclusively by the alarm over rising costs. Legislative action and support have been aimed at finding less expensive means of providing care, and this is entirely appropriate when the less costly avenues meet the patient's needs. Costs cannot, of course, be condoned as the only consideration in providing care at any level. It is extremely important that a continuum of care be available, from the most highly sophisticated to the most simple, and that people have access to each level on a flexible basis according to need and effectivenss.

The home care services are at present so limited in scope and geographic availability as to seriously reduce such service as a viable choice for large numbers of people. Financial and manpower resources must be invested in this area to a much greater degree if people are to be served in the most effective way at a supportable cost level.

Home health services have been characteristically defined as "a complex of health and assistive services required by an individual or a family which may be brought when and as needed into the home to support optimum health and improve or restore functioning, or to enhance life and living."

While there are a variety of organizations and agencies, each of which may offer special pieces of this total complex of services, coordination is often lacking. One individual or family, sophisticated and knowledgeable in the use of agencies, may be receiving a plethora of services while another individual or family may not be able to obtain minimal services. Different eligibility requirements may interfere with an individual's ability to receive necessary services. For instance, an individual may be eligible for visits by a visiting nurse for dressings to a wound, but not for housekeeping assistance. The lack of coverage for housekeeping assistance could mean that this person cannot leave the institutional setting because he or she would be unable to get food or prepared meals.

The insistence by third-party payers, either private insurance carriers or governmental insurance carriers, as well as by many agencies, that no services can be covered or provided unless physician-prescribed may cut off many persons from procuring a service which, while not medically indicated from a disease-oriented standpoint, may be psychologically and socially necessary from a health supportive or disease preventive standpoint. While physicians are expert in the treatment of disease, they are often less expert in the care and assistance individuals may require to enhance or support functioning when it relates to disability. Nurses, physical therapists, and occupational therapists are far more knowledgeable in these areas.

Family relationships are often difficult to assess when interaction takes place outside the home setting. Family members who are quite attentive and helpful while the person is institutionalized may grow weary and even resent the constant responsibility, as well as the confinement or limitations upon their life style because of the presence within the home

of a chronically ill or disabled person. Roles and family relationships become disrupted and difficult to cope with in the absence of supportive assistance or counseling. Placement of the "patient" may lead to similar problems as well as a sense of isolation for the "patient."

It is well acknowledged that changes in life style and behavior patterns, or uprooting from a familiar environment, can be a causative factor in disorientation and can lead to aberrant behavior, particularly in the elderly. No matter how good the institution, certain demands for conformity or standardization will be made upon the individual. To some extent, he must alter his pace and accustomed patterns to fit in with the group or the institutional regimen. Often, the process of institutionalization itself aggravates the problem and reduces ability to function.

At least 10—25 percent of the population now in institutional homes of varying kinds could be cared for and remain in their own homes if organized services beyond episodic nursing and medical care were available. Some people are there because they require assistance with their activities of daily living—ranging from complete hygiene and feeding to minimal assistance in getting out of and into bed. Some are there because they do not have the physical reserves to maintain a clean and uncluttered environment. Some are there because they do not have family members to assist them, or because those family members can assist them for only a portion of any given day. Some are there because they require medications or treatments, the response and progress of which must be evaluated on a daily basis. Some are there because they require treatments and medications which must be administered by someone else on a daily or twice-daily basis. Some are there because they need special types of equipment in order to function or to survive.

While individuals may be presumed innocent until proven guilty, home health services are presumed unnecessary until proven essential. In certain instances, third-party payers imply that agencies delivering services are either inept in their ability to evaluate need for service or dishonest in their claims. On occasion, the position is taken that, while this service may be necessary, it is not reimbursable or covered under the terms of contract or eligibility criteria. Claims by insurance programs imply to the consumer that, in the event of a health crisis or health need, he will receive full service to the extent of his need; policies and contracts are so worded that they may be interpreted in any manner by the insurance companies. While many of us jokingly refer to contracts or policies as having all benefits in large print and all restrictions in microscopic print, it becomes far from laughable when individuals are faced with the economic crisis which often follows the health or illness crisis. There are some insurance policies which offer "X" number of dollars per week or month to people when they are hospitalized. People subscribe to this insurance, expecting to insure income during a non-earning period. However, should this same individual be confined at home receiving services there, this policy would not apply. In fact, many of these companies will not even cover the period an individual is in an extended care facility for continuing treatment of the illness for which he was hospitalized. Thus, a person might well discover that if he remains in the "acute hospital," he would be covered by his hospital insurance and receive an income, while if he remains at home or leaves the hospital sooner with supportive services in his home, he may have to pay all of his own medical bills and nursing bills with no income to fall back on. Insurance carriers should be required to write policies with such clarity that consumers can readily understand the coverage.

Interestingly enough, those in the middle income group are the most affected by the varying restrictions. Their usual income levels do not qualify them for municipal, state, or federal aid, nor do they afford them sufficient money to pay for the services. The poor are also affected, because the degree of proof that services provided are indeed essential is almost prohibitive.

The concept of individuals going into the home to assist or minister during times of crisis or illness has always been present. Many of these services were delivered free of charge to the needy. They were whimsical, dependent upon the extent to which the recipients were considered deserving and were visible. Today our criteria for the "deserving" would, on the surface, appear less whimsical, but, in fact, they are still capricious.

Individuals or families are deprived of necessary services because of rigid restrictions by Medicare or because of the inability of the providers to correctly interpret and understand the implications of the conditions. One must, in effect, prove that home health services are necessary and a substitute for institutionalization and consequently less costly.

For want of a walker, an individual may be chairbound. For want of a skilled therapist, an individual may lose the use of a hand or a leg. For want of an hydraulic lift, or individuals skilled in lifting, a person may be bedbound. For want of delivery of an oxygen tank and instructions in the use of a mask or inhalator an individual may remain within the confines of an institution, fearful of leaving. Our production line technological approach has extended to the care of the sick, the elderly, the infirm, and the isolated and lonely. We put them where the services are, rather than bringing the services to them.

Most major hospitals today have a home health or home care coordinator. This person, most frequently, becomes involved after admission of an individual to the hospital setting and usually when discharge is being considered. It is rare that one sees a home care coordinator involved in the evaluation of admissions to the hospital or in the outpatient units. Again, this reflects a concept of home health services to the ill as an aftermath of continuation of institutional care, so that our present continuum of care is most likely to be hospital, then home, rather than choice of hospital when care in the home is impossible because of the need for specific services which are not transportable and to which the individual cannot be transported for a brief treatment.

In 1972, the Special Committee on Aging of the United States Senate, in the previously cited report on home health services in the United States, made the following major recommendations:

Medicare and Medicaid regulations must be interpreted and applied so as to provide, rather than restrict, home health services;

Home health planning must be based primarily on the professional judgments of those familiar with consumer needs rather than remote decision-makers far removed from the problems;

Institutionalization as a condition for home health care must be eliminated, as well as requirements for co-insurance payments;

Costly and confusing red tape must be eliminated in providing home health services, including in particular the practices of prior authorization and retroactive denials;

Proposals for national health care legislation must include provision for comprehensive home health services;

A national approach to the provision of adequate coverage of the population by home health services is essential.

In 1973, individuals are still being institutionalized and being maintained in institutions because of lack of adequate home care services or, where the services do exist, because of inability to pay for them or to have them covered through some form of health insurance.

II. IMPLICATIONS FOR ACTION

A. Types of Services Necessary: The quantity, range, and pattern of organization of home health services will depend upon the socioeconomic, cultural, and age characteristics of the population to be served and the types of health and social problems most prevalent in the area. Differing geographic areas (urban, suburban, rural) will also influence the range and patterns of services required.

Basic service components which must be available for effective and high-quality care to individuals in their homes include medical, dental, and nursng care; homemaker-home health aide services; physical, occupational, and speech therapies; social work, nutritional, health education, laboratory, and pharmaceutical services; transportation and medical equipment and supplies.

Regardless of the specific components required in individual situations for safe and effective care, all of the above components—with the possible exception of physical, occupational, and speech therapies—should be available on a seven-day-a-week basis.

Social problems have a direct relationship to the health and well-being of individuals within a society. A complete health service program must foster means and methods to improve the social setting as well as provide direct medical and nursing intervention to deal with the resultant health problems. The following factors must also fall within the purview of organized home health services; patient and family education to enhance compliance with prescribed regimens; provision for adequate and safe housing; assistance with maintaining a clean and non-hazardous environment; nutritional services including home delivered meals, or shopping, as well as preparation of food; arrangements for individuals to move beyond the immediate confines of their homes to socialize and interact with others, whether it be the sick individual or members of the family who may not be free unless someone can relieve them; and planning for socialization within the home for the completely homebound, through periodic visits of others.

Central to the organization of high quality patient care services at home must be mechanisms for coordination of the various services and components of care required by individual patient and family situations.

B. Present Effect on Economy.

1. Loss of Work: Empirically, it is known that there are a number of individuals who could work either at home or in an outside work setting if provisions could be made to get work to them, or to get them to work. In addition, concentrated supportive rehabilitative services in the home could assist them to develop sufficient capacity to function productively within the home, and, in many instances, to be able to independently travel to and from a work setting. Money spent in such a program would be returned indirectly through the earning capacity of these people.

Family members who might be capable of earning or working are confined to home because of the prolonged or permanent invalidism of a sick member. In addition, this type of input creates emotional as well as energy drains upon well family members, which often precipitates both physiological and psychological illness increasing the health problem.

2. Use of Institutions at Higher Cost: There are people who are institutionalized beyond a necessary time due to lack of organized services to meet their particular needs. The following figures represent the difference in cost for home health agencies and institutions of any kind.

Medicare reimbursement for home health services and inpatient hospitalization, 1969–72

[In millions of dollars]

Year	Reimbursements: Home health	Reimbursements: Hospitalization
1969	79.7	4,088.6
1970	68.7	4,514.7
1971	56.6	5,026.6
1972[1]	58.5	5,550.6

[1] Estimated on the basis of claims received through December 7, 1972 (first six months multiplied by two).

Source: Monthly Benefit Statistics, February 15, 1972; No. 1, 1973; DHEW/SSA/Office of Research and Statistics.

1971 medicare reimbursements

[In thousands]

Hospital Insurance	$5,234,630
Inpatient hospital	5,026,025
Home health	40,771
Extended care facility	167,834
Medicare Insurance	[1] 1,956,423
Physicians	1,748,270
Home health	15,824
Outpatient hospital	104,778
Independent laboratory	12,398
All other	75,062
Total	7,191,053

[1] Includes some reimbursables for which type of service is unknown.

Source: (same as above).

Home health (Parts A and B) reimbursements for 1971, total $56,595 (in thousands) or 0.787% of the total Medicare reimbursement for services in 1971.

Prepared by Department of Home Health Agencies and Community Health Services, NLN 2–20–73.

III. RECOMMENDED POLICY

We must approach the problems of the chronically ill, aging, and infirm with the same vigorous leadership that we have demonstrated in the past in dealing with communicable diseases and maternal and child health, for these illnesses are also a part of family health and the public's health.

Therefore, it is recommended that APHA:

1. Endorse the "Home Health Services Definition and Statement" (Appendix B), developed by a task force composed of representatives of outpatient and home care institutions, American Hospital Association; the Council of Home Health agencies and Community Health Services, National League for Nursing; the National Association of Home Health Agencies; and the National Council for Homemaker-Home Health Aide Services.

2. Develop a multi-disciplinary task force to develop guidelines and criteria to further the implementation of Home Health Services.

3. Support liaison with other national organizations involved in delineating and supporting Home Health Services with the goal of strengthening delivery and coordination of services. Advise the federal government of the importance of allocating funds in support of these services based upon the guidelines established by the organizations.

4. Encourage local communities through the Comprehensive Health Planning Agency to study and determine the extent and type of needs peculiar to their area and develop programs to meet these needs.

5. APHA should go on record in support of the inclusion of home care coverage in whatever kind of national health insurance is to be enacted.

APPENDIX B

DEFINITION AND STATEMENT

Foreword: The following definition and position statement on Home Health Services was developed by a task force composed of representatives of the Assembly of Outpatient and Home Care Institutions, American Hospital Association; the Council of Home Health Agencies and Community Health Services, National League for Nursing; the National Association of Home Health Agencies; and the National Council for Homemaker-Home Health Aide Services, Inc.

Definition: Home health service is that component of comprehensive health care whereby services are provided to individuals and families in their places of residence for the purpose of promoting, maintaining, or restoring health, or minimizing the effects of illness and disability. Services appropriate to the needs of the individual patient and family are planned; coordinated and made available by an agency/institution, or a unit of an agency/institution, organized for the delivery of health care through the use of employed staff, contractual arrangements, or a combination of administrative patterns.

These services are provided under a plan of care which includes appropriate service components such as, but not limited to, medical care, dental care, nursing, physical therapy, speech therapy, occupational therapy, social work, nutrition, homemaker-home health aide, transportation, laboratory services, medical equipment and supplies.

STATEMENT ON HEALTH SERVICES IN THE HOME

The home environment plays a significant role in promoting health and facilitating the healing process. Properly coordinated and administered home health care provides a meaningful health service for ill persons, speeds recovery and rehabilitation of individuals with acute or chronic health problems, and assists in the prevention of disease and disability.

The provision of appropriate health care services to patients in their homes benefits the patient, the family, and the community. Therefore, it is imperative that quality health service in the home be a basic component of the health care system.

Home health services can:

1. Contribute to the health and well-being of the patient and his family;

2. Restore the patient to health and/or maximum functioning;

3. Prevent costly and inappropriate admission to institutions;

4. Reduce readmission to institutions; and

5. Enable earlier discharge from hospitals, extended or intermediate care facilities, or nursing homes.

Health services at home must be characterized by:

1. Provision of high quality care to patients;

2. Professional coordination of the various services delivered to the individual patient and family;

3. Evaluate techniques to insure the appropriateness and the quality of care provided; and

4. Appropriate administrative controls.

Levels of care varying in intensity and service components responsive to the individual needs of patients must be available in the home. As patients' needs change, there must be adequate mechanisms for movement of patients within the varying levels of home care, as well as for transfer to other care settings.

The economic realities of the cost of health services to individuals, families, and communities make it imperative that health services at home be included in all present and future health care delivery systems. It, therefore, becomes mandatory that:

1. Present and future funding mechanisms, governmental and non-governmental, adequately finance all levels and service components of home health care on a continuing basis;

2. Availability and accessibility of home health services for all populations be assured;

3. Developmental funds be an integral part of all financing for the expansion of existing services and initiation of new programs.

THE NATIONAL HOME HEALTH CARE ACT OF 1975

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with over 60 House cosponsors and a growing number of Senators including FRANK MOSS, FRANK CHURCH, and HUGH SCOTT, I have introduced the National Home Health Care Act of 1975.

There is a nationwide scandal in nursing homes, both in the treatment and overcharging of patients.

The abuses disclosed in recent hearings should not be allowed to continue anywhere in the country. Those in need of nursing home care must have decent homes available to them; but care must be available to those who are now forced to seek institutionalization, whether in a hospital or a nursing home, only because of the lack of reasonable alternatives. A recent HEW study estimates that between 14 and 24 percent of the Nation's 1,070,000 nursing home patients are "unnecessarily maintained" in institutions because of the lack of alternatives.

One of our priorities in this session of Congress should be to develop alternatives to nursing home care for our elderly and disabled. Today's medicare and medicaid laws restrict benefits a patient may receive at home while extensively covering that patient's far more costly, but often unnecessary, long-term care in an institution.

My bill will provide an option of home health care and correlative services—assistance with household tasks, shopping, walking, transportation to doctor visits, senior centers, and nutrition centers, and assistance in rent payments or private home costs—under medicare and medicaid as an alternative for those who would otherwise require nursing home care.

To provide such services will cost the Government far less per patient than institutionalization now does. Reports by GAO, the Senate Special Committee on Aging, and all other studies I have seen demonstrate that home health programs—averaging from $180 to $600 per month depending on the level of care—cost substantially less than the $15,000 to $20,000 per year or $1,500 per month or $50 per day it takes to place a patient in a nursing home.

The legislation also contains provisions to:

First. Allow medicaid and medicare payments to hospitals and nursing homes for providing home health care—in addition to the bill's provisions for expanded

home health and correlative services by traditional home health providers.

Second. Require review of benefits by a flexible three-member panel so as to include social workers, nurses, psychiatrists, psychoanalysts, or other qualified specialists as well as physicians.

Third. Require at least two panel reviews annually of the need for and level of home health care.

Fourth. Appoint a home health patient ombudsman in the Department of Health, Education, and Welfare with responsibility for program oversight, who must provide a public annual written report.

Fifth. Permit additional services to the home health patient such as physical therapy, nutritional guidance, family and personal counseling, as well as necessary medical equipment such as hospital beds, wheelchairs, salves, oils, powders, and so forth.

Sixth. Insure that no individual under medicare or medicaid will receive more home health care benefits than he or she would have were they institutionalized.

There has been some controversy over one portion of the bill—to wit section 7—which requires that the child of a person in a nursing home or receiving home health assistance make a contribution to the beneficiary's care to the extent of up to 5 percent of the child's taxable income, based on a sliding scale for the amount of income. This means that a family of four with an income of $15,000 using the standard deduction would pay $500—5 percent of the $10,000 in taxable income—in a year while the Federal payment might be as high as $10,000 to $15,000. An individual making under $4,000 in taxable income and a family under $6,000 would not have to pay.

The bill states that the delivery of health care is in no way conditional upon the payment of the children. In addition, in no case, regardless of income, will the contribution exceed the cost of the care.

Just as parents have certain responsibilities for the care of their children, as legislated last year under the social services amendments, I believe that this obligation also extends from an adult to his or her elderly or disabled parent. My feeling on this is summed up in a remark I remember my mother once made when reading about an abandoned parent:

That woman raised and cared for seven children; you'd think that seven children could take care of one mother.

I have introduced a second identical version of the bill but without the parent support requirement, section 7. Thus, both bills will be available for consideration, one with the section for parent support, one identical save omission of this section.

While this legislation could be included in any comprehensive health insurance bill, it stands on its own if no health package is enacted. There is a need for nursing homes for those incapable of remaining in their own homes even with the supportive services provided by this legislation, but those persons who can remain at home with the necessary supportive services and thereby afforded longer, more productive lives should be given that opportunity.

We must provide our elderly and disabled the privacy, dignity, and peace of mind to which they are entitled—in their own homes, when they do not need the broad range of services that should be available in a properly run nursing home.

I hope the broad congressional support already evident will grow and that early hearings will be held on this legislation so badly needed by our Nation's elderly and disabled citizens.

KISSINGER ON CUBA: THREE VIEWS

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, the Miami Herald of March 8 and 9, 1975, carried two excellent analyses of Secretary Kissinger's recent remarks on U.S. policy toward Cuba. The two articles are by the Miami Herald's Latin American editor, Don Bohning, and Dr. Leon Goure of the University of Miami's Center for Advanced International Studies.

Because of widespread interest in Congress in our Cuban policy I am including in the CONGRESSIONAL RECORD as a part of these remarks an extract of Dr. Kissinger's remarks on Cuba from his March 1 speech in Houston and the two Miami Herald articles:

THE UNITED STATES AND LATIN AMERICA: THE NEW OPPORTUNITY

(Address by Hon. Henry A. Kissinger, at the Combined Service Club Luncheon, Shamrock Hilton Hotel, Houston, Tex., Mar. 1, 1975)

In January 1962 the Organization of American States determined that Cuba had excluded itself from participation in the inter-American community by its military ties to the Soviet Union and its export of revolution in the Hemisphere. A year later the United States imposed its own sanctions. In 1964 the member nations of the OAS agreed collectively under the Rio Treaty of Reciprocal Assistance to sever diplomatic and trade relations with Cuba.

More than a decade has passed. The countries of Latin America have successfully resisted pressure and subversion; nations that in the early Sixties felt most threatened by Cuban revolutionary violence no longer feel the menace so acutely. This situation has generated a reconsideration of the OAS sanctions and raised questions about the future of our own bilateral relations with Cuba.

Last September several Latin American countries proposed a meeting to consider lifting the collective sanctions. We agreed that a consideration of the Cuban issue at a meeting in Quito of the Foreign Ministers of the Americas was appropriate. We determined to remain completely neutral in the debate and abstained in the vote. Our guiding principle then, as now, was to prevent the Cuba issue from dividing us from our Hemispheric neighbors.

A majority voted to lift the collective sanctions. But the Rio Treaty requires a two-thirds vote and the sanctions thus remain formally in force. The United States considers itself bound by the collective will as a matter of international law, and so there can be no change in our bilateral relations with Cuba as long as the OAS mandate remains in force.

Since the Quito meeting, however, several Latin American countries have announced that they are prepared to resume trade with Cuba. Also since the meeting at Quito, all the OAS nations have tentatively agreed that the Rio Treaty should be amended to permit the lifting of sanctions by a majority vote. Several of my Latin American colleagues have suggested that this agreement in principle might be applied to the existing Cuban sanctions. I will be consulting with them with respect to this initiative during my trip to South America with the attitude of finding a generally acceptable solution.

If the OAS sanctions are eventually repealed, the United States will consider changes in its bilateral relations with Cuba and in its regulations. Our decision will be based on what we consider to be in our own best interests, and will be heavily influenced by the external policies of the Cuban government.

We see no virtue in perpetual antagonism between the United States and Cuba. Our concerns relate above all to Cuba's external policies and military relationships with countries outside the Hemisphere. We have taken some symbolic steps to indicate that we are prepared to move in a new direction if Cuba will. Fundamental change cannot come, however, unless Cuba demonstrates a readiness to assume the mutuality of obligation and regard upon which a new relationship must be founded.

[From the Miami Herald, Mar. 8, 1975]

WHAT DOES RESUMPTION OFFER UNITED STATES?—SOVIET MILITARY BINDS CUBA HARD AND FAST

(By Dr. Leon Goure)

In his "deliberative and carefully constructed" speech in Houston on March 1, Secretary of State Kissinger indicated that the Ford administration was prepared to move in a "new direction" in its policy toward Cuba. In his speech Kissinger signaled the willingness of the United States to vote for the lifting of the OAS sanctions against Cuba at the next meeting of the OAS General Assembly in May if, as appears highly likely he finds a consensus to do so among the Latin American governments.

However, most significant in Kissinger's statement was the indication that the lifting of the OAS sanctions would not automatically commit the United States to any change in its own relations with Havana. While, as he said, the U.S. sees no "virtue in perpetuating antagonism" between the two countries, the actions of the U.S. will be based on "what we consider to be in our own best interests," and would be "heavily influenced by the external policies of the Cuban government."

In particular, Kissinger identified U.S. continued concern over Cuba's "external policies and military relationships with countries outside the hemisphere," obviously referring to Castro's export of revolution to Latin America, as well as Cuba's close political and military ties with the Soviet Union. Kissinger did not specify other issues in dispute between Washington and Havana, but he warned that a "fundamental change" in relations cannot come about "unless Cuba demonstrates a readiness to assume mutuality of obligations and regard upon which a new relationship must be founded."

As worded, Kissinger's statement in Houston indicates that there has been no fundamental change in the long-standing U.S. conditions for a resumption of relations with Havana. Indeed, these conditions, which require Cuba to fundamentally alter its external policies and to loosen, if not altogether sever, its military ties with the Soviet Union, go well beyond a mere detente in U.S.-Cuban relations. The conditions imply that Cuba must cease being a Soviet outpost and proxy in the Western Hemsphere and abandon all efforts to export revolution to the region, thus, in effect, no longer acting as a Commu-

nist state and a member of the Soviet-led Communist bloc.

In the public debate over the issue of the lifting of the trade embargo and the resumption of relations with Cuba, little attention is paid to Soviet policies toward and activities in Latin America, nor the use Moscow makes of Cuba in the pursuit of its objectives in the Western Hemisphere. The marked upsurge of Soviet activities in Latin America in recent years, coupled with the growing integration of Cuba into the Soviet bloc and increased Soviet control over all aspects of Cuban policies, both domestic and foreign, raise profound doubts about the prospects for effecting any fundamental changes in Cuba's policies or ties to the Soviet Union along the lines demanded by the U.S.

An analysis of Cuba's policies and relations with the Soviet Union, undertaken by two staff members of the Center for Advanced International Studies at the University of Miami, indicates that after years of effort, the Soviet Union has succeeded in absorbing Cuba into and firmly tying it to its bloc, and that at present Cuba is, in fact, a political and military proxy of Moscow.

Soviet efforts to integrate Cuba into the "socialist community of states" led by Moscow and to make the Castro regime completely subservient to it, culminated in July 1972 in Cuba's entry as a full member in the Soviet-East European Council for Mutual Economic Assistance (CEMA), the economic arm of the Warsaw Pact. With this step, Cuba's economy and foreign trade were brought in line with the "division of labor" within the Moscow-led communist community and coordinated with the Soviet Union's five-year economic plan.

Joint Soviet-Cuban economic planning, which allows Moscow a major say in Cuba's economic development, extends not only to the current Soviet five-year plan, but also includes the next five-year plan for the period 1976–1980 and, as Cuba's Foreign Minister Carlos Rodrigues indicated in January 1974, Soviet specialists will assist Cuba in the planning of the development of its sugar industry for a period up to 1990. Under these plans, the Soviet Union and the other Communist states will continue to be Cuba's main trading partners and a source of economic assistance and technology.

At present the Communist countries account for some 70 percent of Cuba's foreign trade and receive the major share of its exports of sugar and nickel. At the same time, Cuba is heavily dependent on imports from the Soviet bloc, largely financed on the basis of long-term credits and repayable in Cuban goods, for machinery and spare parts, oil, food and various critical raw materials for its industries. Soviet exports to Cuba in 1973 amounted to some $923 million and will exceed $1 billion in 1974–1975, while the total trade turnover of $1.8 billion in 1974 is projected to reach a level of $2.7 billion in 1975. Thus, as the Soviet Minister of Foreign Trade, Patolichev, has declared, "Cuba is one of the Soviet Union's basic trading partners."

Although the current high sugar prices in the world market have considerably boosted Cuba's earnings for the approximately 2 million tons it is free to sell to non-Communist countries, much of the gain, according to a Radio Havana broadcast on December 13, 1974, has been "absorbed" by the higher prices Cuba has had to pay for its imports from Western countries. With Cuba's sugar production not showing any marked increase, it is doubtful that Havana has either much sugar or currency to spare for any significant trade with the U.S.

Meanwhile, the Soviet Union has benefited by paying below world prices for Cuban sugar and nickel, which has had the effect of further raising the island's debt to Moscow.

Cuba's integration into the Soviet bloc extends not only to the sphere of economic planning but also to Communist party relations, and to other areas, such as scientific and technological cooperation, the training of Cuban students and technicians, cultural relations, education and so on. For example, on January 24 Havana announced the signing of an agreement for the printing in the USSR of 4 million textbooks for Cuban primary schools.

It is argued sometimes that Cuba's political integration with the Soviet Union has the beneficial effect of moderating Castro's revolutionary stance and forces him to cease his efforts to promote guerrilla warfare in Latin America because Moscow is believed to be opposed to such adventures and to be primarily interested in developing relations with the present Latin American governments, and concerned with the preservation of the U.S.-Soviet détente. The cessation of Castro's efforts to export revolution to Latin America is one of the stated conditions for U.S. resumption of relations with Cuba.

While it is true that the Soviet Union has proclaimed its preference for a strategy of "peaceful" conquest of power by the Communist parties on the basis of the organization of united fronts with other Left and Center-Left parties, Moscow at the same time does not eschew possible resort to violent revolution.

In his speech in Havana in January 1974, Brezhnev declared "We are not pacifists, we are not for peace at any price, and we are not, of course, for any freezing of the social-political processes taking place inside the countries."

The key issue in a possible U.S. resumption of relations with Cuba is the question of its military ties with the Soviet Union. The significance of Cuba as a Soviet military outpost and as a potential threat to U.S. security was vividly illustrated by the 1962 missile crisis, and again in 1970, by Moscow's attempt to establish a nuclear submarine base at the Cuban port of Cienfuegos. Although the Soviet Union at the time denied any intention of building a "Soviet" naval base in Cuba, the facilities at Cienfuegos have not been dismantled and a succession of Soviet naval squadrons, including submarines, have been visiting Cuban ports and cruising the Caribbean.

It remains to be seen whether the U.S. will indeed base its decisions regarding its Cuban policy on its "own best interests" and will insist on Cuba demonstrating a readiness to meet U.S. conditions, especially in the matter of Cuban military ties with the Soviet Union.

A U.S. vote in favor of the lifting of the OAS sanctions should be viewed by Havana as a further indication to Castro of Washington's willingness to consider a major shift in its policy toward Cuba. Even so, there is no reason for the U.S. to rush into resuming relations with Cuba, especially without an adequate quid pro quo on the latter's part which meets U.S. interests.

The matter of the ultimate decision whether or not to resume relations with Cuba should not be influenced by any wishful thinking, but should be based on a careful and objective weighing of the signals emanating from Moscow and Havana, and of their actions.

[From the Miami Herald, Mar. 9, 1975]

FOCUS ON CUBA: DO RECENT DEVELOPMENTS SIGNAL A SHIFT IN U.S. POLICY?

(By Don Bohning)

Secretary of State Henry Kissinger has acknowledged the obvious: Cuba has come in from the hemisphere cold.

Until Kissinger's well-publicized speech in Houston a week ago, Washington had adamantly insisted there had been "no change" in U.S. policy toward Cuba despite mounting indications to the contrary in recent months.

Even now, State Department officials contend, press interpretation of Kissinger's remarks on Cuba went far beyond what the Secretary actually said.

That is perhaps true. Yet, State Department officials have made no effort to counteract such interpretations and, in fact, contributed to them with the advance ballyhoo that accompanied the speech and high level Washington background briefings.

Neither do they dispute that when Kissinger said "we see no virtue in perpetual antagonism between the United States and Cuba," it was probably the most conciliatory statement by a U.S. official toward the Castro regime since diplomatic relations between the two countries were broken on Jan. 3, 1961.

If that didn't get across the message that there has, indeed, been a change in the U.S. attitude toward Castro, the State Department response to legislation relating to Cuba introduced in Congress last week should make it abundantly clear.

Sen. Edward Kennedy (D., Mass.), introduced a bill that would, among other things, end the 13-year-old U.S. trade embargo against Cuba.

And Sens. Jacob Javits (R., N.Y.) and Claiborne Pell (D., R.I.) presented a resolution calling for the normalization of relations between the United States and Cuba.

A year, or even six months, ago such proposed legislation would have provoked the haughty State Department reply that it served no useful purpose.

But now, says a State Department official when asked about the Kennedy legislation, "we think it is desirable that the Congress 'consider and debate' the process of normalizing relations with Cuba, as Sen. Kennedy said in introducing the bill."

He added, however, "We do not think it would serve our interests that the bill be passed immediately since that would open up trade before the Organizations of American States has acted to repeal the existing multilateral sanctions. This would be inconsisted with our OAS commitments."

Th unspoken implication is that once the OAS sanctions are lifted, the United States is more than willing to consider abandoning its own embargo against the island.

It is now certain the sanctions will be revoked, with U.S. support, at the May OAS general assembly meeting in Washington.

As for the Javits-Pell resolution, the State Department reaction there is also instructive as to which way the wind is blowing across the Carribbean.

"We would welcome a debate which would lead to a better understanding of the issues at stake and full public support," said an official of the resolution.

The immediate issue at stake, from the Washington perspective, is not so much bilateral U.S.-Cuban relations as U.S. relations with the rest of the hemisphere and how the Cuba question is increasingly complicating them.

Just how far much of the rest of the hemisphere is ahead of the United States in disposing of the Cuban problem was brought home again last week when Colombia resumed diplomatic relations with the Castro government.

The simultaneous announcement, made Thursday in Bogota and Havana, said the two countries had decided "to re-establish, as of today, consular, commercial and communications relations at the ambassadorial level."

'We are thawing the cold war," declared Colombian Foreign Minister Indalecic Lievano.

There is some speculation that Kissinger's speech a week ago was deliberately timed before the Colombia-Cuba announcement—

and certainly before his planned Latin American trip next month—to signal to the rest of the hemisphere that U.S. policy has changed.

Colombia became the ninth OAS member nation to have diplomatic relations with Cuba in defiance of the decade-old OAS sanctions.

Other OAS countries that maintain formal ties with Havana are Argentina, Peru, Venezuela, Panama, Mexico, Jamaica, Trinidad and Barbados.

Guyana, Canada and the Bahamas, three non-OAS hemisphere nations, also have diplomatic relations with Cuba.

Over and above the collective sanctions, there are unilateral U.S. laws on the books that discriminate in various ways against third countries dealing with Cuba.

It is in this area where the greatest urgency for action lies, according to both congressional and State Department sources.

In some cases, restrictions affecting third-country shipping and U.S. grant assistance already are being quietly overlooked. And in other instances, such as the sale to Cuba by U.S. subsidiaries overseas, exceptions are being granted in increasing numbers.

The Kennedy legislation, or "omnibus bill," as a State Department official calls it, would eliminate the third-country restrictions in addition to removing the U.S. trade embargo against Cuba.

His bill, Kennedy said in introducing it, would "remove prohibitions against trade with Cuba, prohibitions against third countries which trade with Cuba and prohibitions on U.S. travel to Cuba."

Similar legislation, but not quite as all-inclusive, has been introduced in the House of Representatives by Rep. Michael Harrington (D., Mass.).

What his bill does not do, Kennedy emphasized, is authorize any change in the "prohibition against U.S. foreign assistance to Cuba." Nor does it authorize "any change in the prohibition against assistance to those nations that supply Cuba with arms" or "extend most favored nation treatment to Cuba."

Kennedy drew a pointed parallel between Washington's condemnation of the Arab blacklist against firms doing business with Israel and the U.S. boycott of Cuba.

The Arab blacklist, Kennedy said, "is morally repugnant to every American and an intolerable practice, yet in condemning this use of economic power we must also recognize that we ourselves have for more than a decade used similar economic weapons against nations and shipping lines doing business with Cuba. We, too, have maintained and enforced a blacklist."

Knowledgeable congressional sources doubt that the Kennedy legislation will be approved in the form it has been introduced.

They see its value chiefly as keeping the pressure on the administration to do something about the Cuba question.

The same sources see, by midsummer, a large-scale lifting of all restrictions against third countries dealing with Cuba, with the end of the unilateral U.S. trade embargo against the island coming by the end of the year.

Full diplomatic relations, between the United States and Cuba, unless events move more rapidly than now foreseen, probably are at least two years away—sometime after the 1976 presidential elections.

In the interim, there is likely to be an escalating series of moves and countermoves or, as Secretary Kissinger calls them, "symbolic steps" by both sides toward reconciliation.

Those already have begun.

"We have taken some symbolic steps to indicate that we are prepared to move in a new direction if Cuba will," Kissinger said in his Houston speech.

State Department officials, briefing newsmen in Washington, said those "symbolic steps" specifically included the relaxing of travel restrictions last month against Cuban diplomats at the United Nations—this after state Department officials had denied at the time the restrictions were lifted that it signified any change in policy toward Cuba.

There has not been a clearly discernible Cuban response to Kissinger's speech although the release last week before their terms expired of three Americans jailed in Havana on narcotics charges was seen in some quarters as a "symbolic step" by the Castro government.

Castro, traditionally, makes a major speech on March 13, the anniversary of a 1957 Cuban student attack against the government of the late Fulgencio Batista, then in power in Havana.

There is speculation in Washington that Castro might use that occasion for a more clearly enunciated reaction to the overture contained in Kissinger's speech.

On the U.S. side, there are likely to be no more major moves toward Cuba before the OAS sanctions are lifted in May.

There will be at least one opportunity before then, however, for Washington to extend another symbolic olive branch.

U.S. travel restrictions to Cuba, renewable periodically at the discretion of the secretary of state, expire later this month.

Although court decisions have rendered the travel restrictions unenforceable, were Kissinger to announce that they had not been renewed or, even if they were quietly allowed to lapse, it would most certainly be interpreted as a "symbolic step" by Washington.

While the mechanics of the evolution in U.S.-Cuban relations still remain unclear, there is no longer much doubt that a new era has begun, and Kissinger publicly recognized it last week.

BROTHERHOOD AWARD PRESENTED TO GEORGE MEANY

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, the National Conference of Christians and Jews recently held its Brotherhood Award meeting, and this year presented the award to George Meany, president of the AFL–CIO. Mr. Meany had significant things to say in his speech accepting the award—comments about unemployment, boycotts, and about our basic rights as free people in a democracy. I believe his speech is well worth perusal by all Members, and I include it in the RECORD, as follows:

I am delighted to be here and, of course, deeply honored to receive the annual Brotherhood Award of the National Conference of Christians and Jews.

I'm particularly honored to be introduced and presented here tonight by the Vice President of the United States, who I have known for many, many years. I have been reading about him lately. I see where he is trying to bring the United States Senate into the 20th Century. And I would say, if he was scarred a little bit in the attempt, not to worry about it. They are very honorable scars.

I take this Award—not for myself—but in behalf of the organization I have the honor to head, the AFL–CIO—in behalf, really of the American Labor movement which, I believe, perhaps immodestly, is the most effective human rights movement in this country.

You know—in the final analysis—human rights rest on human dignity—on a common recognition of the worth of the human personality.

If we lose that sense of self-worth—of dignity, we become careless of the rights of others and we fail to claim our own rights as well. Before we know it, we have passively acquiesced in our own enslavement.

It is not surprising, therefore, that totalitarian governments must rob their citizens of dignity.

The business of dictatorship is to dictate—to control all the way—including the thought processes of its victims. In carrying on its business, it destroys the dignity of all those under its control by telling them that they are not whole human beings in themselves—that they are fulfilled as persons only through service to the State—or only through subservience to an ideology or doctrine. Their own humanity is not sufficient—they need Big Brother—be he named Adolph, Josef or Leonid.

But dictatorship is not the only enemy of human dignity. Poverty, hunger, disease, unemployment—these are also things that demean the human personality. These are also the things that make people feel less than whole.

That is why a man who is out of work—a man who can not properly feed or clothe or shelter his family does not feel like a whole man—and the same goes for women who bear like responsibilities.

And, I believe, the labor movement has done more than any other single force in American life to enhance the economic security of the great mass of America's working people. I also believe it has done more than any other segment of our society to build the broad base of dignity that supports the human rights we often take for granted.

In this sense, the labor movement is a human rights movement—no less than the National Conference of Christians and Jews or the NAACP.

And yet, much of what we do in the field of human rights does not carry a human rights label. It is a natural by-product of our day-to-day role in the world of work.

For example, we do not recruit to the ranks of organized labor on the basis of race, creed, sex or ethnic background. We do not have quotas in the labor movement.

We don't ask a man where he comes from or what his political views are before he joins a union. All we want to know is—does he work here and what kind of work does he do and—if he works for a living, we feel he belongs in the union.

And, despite all of the anti-union propaganda that has been beamed into the black community, the latest studies show that black workers are more prone to join a union than are white workers.

And, no wonder—the earnings of unionized black workers are, on the average, substantially higher than among their non-union counterparts.

I contend that when you substantially raise a man's earnings—especially if he is a poor man—you don't just put more meat on his table—you help him hold his head a little higher.

And that is what the labor movement is in the business of doing—helping people hold their heads a little higher. Helping people become more human in the highest sense—and therefore more conscious of their human rights.

But, these days—we must admit— our job is getting more difficult each day—and you all know the reason.

It is not because we have stopped trying. It is because the policies of the Administration that has been in power in Washington since January, 1969 have thrown this nation into an economic crisis worse than anything we have known since the Great Depression of the 1930s.

Unemployment is feeding on unemploy-

ment. 8.2 percent of our workforce is jobless—according to the official figures, which very much understate the problem.

But while the official overall rate is 8.2 percent, it was 13.4 percent for blacks in mid-January. It was 14.3 for the unskilled and 13.1 for the semi-skilled. It was 20.8 for teenagers and 41.1 for black teenagers.

Now, I submit—contrary to what Arthur Burns may think—that these are not just statistics. This is a human tragedy. Millions of disadvantaged Americans who began to make real progress in the 1960s are now being thrust back to where they were ten or fifteen years ago.

I believe that we are sitting on social dynamite. As the recession deepens—and all signs point in that direction—racial and social tensions are bound to rise, posing a threat to the real accomplishments of organizations like the National Conference of Christians and Jews and so many others that have labored so hard to eradicate bigotry and prejudice from the land.

I did not come here to present the AFL-CIO's program to deal with the economic crisis—although I do want you to be aware that we have one. We think it is a better one than the President has offered—and, certainly, it is more comprehensive than what the Democrats have offered.

The point I want to make is that all of us who are deeply concerned about human rights and human relations must turn our attention to the economy—because if it continues to go downhill—it can become the breeding ground of ugly social impulses and emotions—among them the ancient curse of anti-Semitism.

I am not an alarmist but I do read history—and we know from history, that anti-Semitism seems to intensify in times of severe economic and social stress.

Today, we have an additional danger. Not only does our deteriorating domestic economy provide an all-too-rich soil for scapegoating and demagoguery but, we are faced—on the international scene—with powerful waves of anti-Semitism emanating from the Middle East.

And, make no mistake about it—the Arab fanatics are not just anti-Israel or anti-Zionist. They are anti-Jewish. They are plain, old-fashioned anti-Semites in the spirit of Adolph Hitler.

But, the most outrageous thing is that the venom with which they have poisoned their own societies they now seek to inject into our society.

I think President Ford is to be commended for speaking out so clearly against the Arab blacklist. The idea that any foreign investors would discriminate against Americans who are Jewish or who do business with Israel is a monstrous abomination.

But, what is worse is the fact that there are American Governmental agencies that cooperate in this despicable practice.

Imagine The Army Corps of Engineers admits that it goes along with the demands of the Arab States that no Jews be sent into their countries.

And, then we learn that our Department of Agriculture—you know Earl Butz' Department of Agriculture—you know Earl Butz—holds a 6.5 percent interest in the Intra Investment Company of Beirut, Lebanon—a company that boycotts banks that give economic assistance to the Israelis.

I think we have to go farther than the President's statement. I think we have to let the whole world know that in the United States of America, that in our country, human rights still take priority over the dollar.

I think we should tell the Arabs that any would-be investors from any country who subscribes to the blacklist are henceforth barred from doing business in the United States.

There is some business we don't need.

Throughout the world today there is great confusion about what the United States of America stands for—or whether we stand for anything at all.

In the American Congress, a very strange discussion is taking place. It has to do with whether we should give South Vietnam the remaining $300 million of the $1 billion originally authorized for military assistance. In other words, should we keep our commitment. According to many experts, the survival of the country may be at stake.

Many voices are raised against further aid. The Thieu regime is too repressive, they say. It is also too corrupt. It is intolerant of press criticism. It manhandles demonstrators. It even sometimes arrests union leaders and Buddhists. Its elections are not nearly as democratic as ours.

I can understand these criticisms—although I don't agree with the conclusions some people come to. But, what I can't understand is how the same people who want to cut off aid to South Vietnam because its government is too repressive—turn around and argue for 6 percent U.S. credits for the Soviet Union—where there are No demonstrations, No unions, No elections—and the most degrading form of corruption—the complete monopoly of all power—political, economic and military—by a single ruling clique over the lives of every single person within the Soviet Union.

Incidentally, on the issue of governmental corruption in high places, we here in the United States should guard against any feeling of excessive self-righteousness.

We should give some thought and contemplation to our own recent experience with corruption at the very highest level.

If the stupid Watergate break-in had not accidentally come to light—how far would the Fascist mentality that prevailed in the White House have carried us down the road to repression of individual human rights—to harassment and control of the press—to the manhandling of demonstrators and all the rest of those evils of dictatorial regimes which we so readily deplore?

How much of a step would it have been from the promulgation of an enemies list to the complete monopoly of power over the social, economic and political life of our nation?

The air has been filled recently with talk of detente. That's a lovely word. I couldn't find it in the American dictionary, but, it's in the French dictionary. Detente not only with the Soviet Union and China but with the East European puppet regimes. Trade with these countries from the United States is aid to them. Yet, which of these governments comes anywhere near being as democratic as South Vietnam?

So, as you look at our policies in Southeast Asia—where the first bitter fruits of a false detente can be tasted—and as you look at our policies toward the Soviet Union—where our guiding moral principle—and "moral" has to be in quotes—is "no interference in their internal affairs", not even in defense of human rights—and then as you look at our policies in the Middle East—where we are supplying various Arab governments with fancy aircraft, nuclear reactors—and God knows what else—what other goodies Henry hands out—at the same time those Governments remain pledged to destroy Israel, the only democratic state in the Middle East—as you look over all these policies, is it any wonder that nobody knows anymore what this country believes in—or what it stands for?

It used to be thought that we had a clear commitment—a vested interest—in the growth and expansion of democratic societies throughout the world. It used to be thought that this commitment was not just a matter of sentimental idealism but was based on a recognition that totalitarianism—whether of the left or the right—posed an ever-present threat to our own way of life.

One doesn't hear much of this kind of talk any more. It is buried under mountains of propaganda about detente and peaceful coexistence. And, in this climate, talk about democracy and human rights becomes an embarrassment. It makes people feel uncomfortable. It makes them feel awkward.

Frankly, I think that this is a terrible thing. We have come to a sorry pass in the history of this great experiment in democratic self-government whose 200th anniversary we shall soon celebrate.

There is no doubt in my mind but that this world-wide confusion about the credibility, the commitment and the cardinal purposes of the United States in world affairs today is a major factor contributing to the financial and political instability that has shaken so much of the Western world and threatens to alter the international balance of power with frightful consequences.

But, while the immediate future looks glum, in the long run, I am not a pessimist. Increasingly, thoughtful Americans are beginning to realize that the pendulum has swung too far in the direction of wistful delusion.

A new realism is bound to set in—and with it—a new set of policies. The greatest enemies of genuine detente will prove to be—not the so-called Cold Warriors like George Meany, but the inability of the Soviet Union—given the system by which it is governed—to renounce its fundamental ambitions and values.

Those ambitions and values may be temporarily accommodated by some of our businessmen who are at home wherever there is a buck to be made—whether in Texas or Siberia—but we, in the labor movement, can not make that cozy accommodation.

We can not survive as a trade union movement except where there is democracy. Human rights are the very life blood of our movement.

Take away the freedom to speak, the freedom to associate, the freedom to assemble, the freedom to criticize the government, if you please, the freedom to strike—take these away and you can perhaps still run a corporation but you can't run an institution such as a trade union dedicated to the welfare of the ordinary citizen who works for wages—NO WAY! Come to think of it, when and where workers lose these freedoms, somehow all the other segments of society are likewise adversely affected.

This is why—no matter what Administration is in power, or who the Secretary of State may be—the Trade Union movement has—and must have—a continuing and consistent commitment to human rights and democratic values.

Ten years ago on the 7th of this month, an event took place in Selma, Alabama, which will not soon be forgotten.

On that "Bloody Sunday", hundreds of people who were peacefully demonstrating for voting rights were set upon by Alabama Highway patrolmen and brutally beaten.

That was a horrible day in our history. But, six months later—on August 6, 1965, President Lyndon Johnson signed the Voting Rights Act into law.

Many people sacrificed life, limb and security on behalf of the cause of civil rights in the 1960s. But the point is, their sacrifice was not in vain. They actually won. And, because of their victory, Selma seems far off today—a long, long time away.

The American labor movement was part of that struggle—as you would expect. Not enough people know, however, that labor's influence on Capitol Hill was probably the most important single factor in winning the passage of that 1965 Voting Rights Act.

So, when you hear people talking about "powerful big labor"—yes, we have power—but we like to think that we use our "labor power" on behalf of human rights.

And, we say—flat out: What we want for ourselves as American workers, we want for all the people of this world—the entire human family.

All peoples—not just Americans—should have the rights that were won in Selma, Alabama—ten years ago—the rights we are still fighting to protect and expand.

All people should have these rights—and, if saying that is interfering in the internal affairs of other countries, then I would take my stand with Aleksandr Solzhenitsyn, who said:

". . . All Internal Affairs have ceased to exist on our crowded Earth! The salvation of mankind lies only in making everything the concern of all."

In this spirit of brotherhood, I thank you again for your annual award, which I am proud to accept on behalf of the AFL–CIO.

THE NEED FOR STRIP MINING LEGISLATION

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PERKINS. Mr. Speaker, last year the Congress, with wisdom and good judgment, passed an act to regulate strip mining which should have become law, but was pocket vetoed. Now, early in this session, we have the opportunity to do something about it, and we should seize it.

Mr. Speaker, this legislation would be the salvation of the coal mining industry, and not—as some mistakenly believe—a detriment to it.

It would save Appalachia, while allowing responsible mining to continue there, and in the other coal areas of the East. And it will prevent the wholesale destruction of the Great Plains Area of the West, preserving a tremendous source of badly needed food.

But it would also provide money, through the reclamation fee, for a broad series of needed public improvements, in the counties where the coal comes from. The funds that will be returned to the coal areas can be used to rebuild those areas—roads, schools, health facilities, water and sewer projects, all could be built with these funds.

Mr. Speaker, in the past several Congresses, I have introduced a bill which would provide for a severance tax on coal and other minerals, with the tax being returned to the counties which produced the minerals.

The bill we are going to vote on moves in that direction, so far as coal is concerned, and it is a very good step, because it is fair and equitable.

Regarding the reclamation fee, the House has made some concessions which I hope will be strengthened in conference.

Additionally, the legislation would authorize reconstruction work on small farms whose productivity has been destroyed by the effects of strip mining. Restoring these small farms by reclaiming their fields and pastures, and cleaning their streams. will mean that families can earn a living from them again, but it will also mean that additional sources of food will be available to help prevent the shortages which we have faced and can face again very easily.

Mr. Speaker, responsible coal mine operators will be able to produce all of the coal we need under this legislation, despite what has been said by those who want to move the American coal production system from east of the Mississippi to the Great Plains of the West.

We should pass this bill, and pass it in a way that insures it becoming law, and we should do this without delay.

The entire Nation will benefit from positive action on this legislation, as well as the people in the coal areas.

GOVERNMENT IN THE SUNSHINE ACT

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, I am today reintroducing the Government in the Sunshine bill which I sponsored in the 93d Congress. More than 50 of our colleagues joined me in the 93d sponsoring this important measure which would require that all meetings of multimember Federal agencies at which official agency business is considered or discussed shall be open to the public. The senior Senator from Florida, Senator LAWTON CHILES, is the principal sponsor and major force behind this legislation in the Senate where hearings were held by a Subcommittee of the Government Operations Committee last year.

The very concept of democracy implies open Government, where the people can participate or at least know what actions affecting their lives are being taken. The Congress has taken important steps in the last several years to open up its own proceedings. In 1973, the House adopted legislation which I sponsored amending the rules to strengthen the requirement for open hearings and open committee meetings including meetings for the markup of legislation. Prior to that action, 56 percent of House hearings and meetings were open to the public in 1972. In contrast, under the stronger open meetings rule adopted in the 93d Congress, 92 percent of all House committee hearings and markup sessions were open to the public in 1974.

At the beginning of this Congress, the House adopted another rule change which I sponsored to require that House-Senate conference committee meetings be held in open session unless a majority of the conferees of either body voted to close the session. The Senate Democratic Caucus and the Republican conference have adopted resolutions in support of this change, and implementing legislation is now pending before the Senate Rules and Administration Committee.

These actions have served to significantly open up the legislative process to public scrutiny as it should be. The most effective way to restore public confidence in the operation of the Congress and to erase doubts concerning possible conflicts of interest, is to do away with secrecy and make the process more open—so that the public can follow committee deliberations and know how decisions are reached and for what reasons.

The public has an equal right to know how the agencies of the executive branch are interpreting the laws enacted by the Congress. The legislation I am introducing today would provide that opportunity, and open up many of the deliberations of Federal agencies.

I hope that the House will act on the proposal this Congress. I urge the support of all Members and welcome any suggestions for strengthening or otherwise perfecting the proposal. The active support for meaningful reforms which the Members of the 94th Congress have demonstrated gives me great hope that efforts to open up the deliberations of the executive agencies will benefit from their commitment and make the Government more responsive and accessible to the people.

The text of the Government in the Sunshine proposal follows:

H.R. 5075

A bill to provide that meetings of Government agencies and of congressional committees shall be open to the public, and for other purposes.

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

SECTION 1. SHORT TITLE.—This Act may be cited as the "Government in the Sunshine Act".

SEC. 2. DECLARATION OF POLICY.—It is hereby declared to be the policy of the United States that the public is entitled to the fullest practicable information regarding the decisionmaking processes of the Federal Government.

SEC. 3. DEFINITIONS.—For purposes of this Act—

(1) "National defense" means—

(A) the protection of the United States and its military forces against actual or potential military attack by a foreign power;

(B) the obtaining of foreign intelligence information deemed essential to the military defense of the United States or its forces;

(C) the protection of information essential to the military defense of the United States or its forces against foreign intelligence activities; or

(D) the protection, to the extent specifically found necessary by the President in writing, of the United States against overthrow of the Government by force; and

(2) "Person" includes an individual, partnership, corporation, associated governmental authority, or public or private organization.

AGENCY PROCEDURES

SEC. 4. (a) This section applies, according to the provisions thereof, to any agency, as defined in section 551(1) of title 5, United States Code, where the body comprising the agency consists of two or more members. Except as provided in subsection (b), all meetings (including meetings to conduct hearings) of such agencies, or a subdivision thereof authorized to take action on behalf of the agency, shall be open to the public. For purposes of this section, a meeting consists of any procedure by which official agency business is considered or discussed by at least the number of agency members (or of members of a subdivision of the agency authorized to take action on behalf of the agency), required to take action on behalf of the agency.

(b) Subsection (a) shall not apply to any portion or portions of an agency meeting where the agency determines by a vote of a majority of its entire membership, or, in the case of a subdivision thereof authorized to take action on behalf of the agency, a majority of the membership of such subdivision, that such portion or portions of the meeting—

(1) will disclose matters necessary to be kept secret in the interests of national defense or the necessarily confidential conduct of the foreign policy of the United States;

(2) will relate solely to individual agency personnel or to internal agency office management and administration or financial auditing;

(3) will tend to charge with crime or misconduct, or to disgrace any person, or will represent a clearly unwarranted invasion of the privacy of any individual: *Provided,* That this paragraph shall not apply to any Government officer or employee with respect to his official duties or employment: *And provided further,* That as applied to a witness at a meeting this paragraph shall not apply unless the witness requests in writing that the meeting be closed to the public;

(4) will disclose information pertaining to any investigation conducted for law enforcement purposes, but only to the extent that the disclosure would (A) interfere with enforcement proceedings, (B) deprive a person of a right to a fair trial or an impartial adjudication, (C) disclose the identity of a confidential source and, in the case of a record compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished only by the confidential source, (D) disclose investigative techniques and procedures, (E) endanger the life or physical safety of law enforcement personnel; or (F) in the case of an agency authorized to regulate the issuance or trading of securities, disclose information concerning such securities, or the markets in which they are traded, when such information must be kept confidential in order to avoid premature speculation in the trading of such securities; or

(5) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person where—

(A) a Federal statute requires the information to be kept confidential by Government officers and employees; or

(B) the information has been obtained by the Federal Government on a confidential basis other than through an application by such person for a specific Government financial or other benefit and the information must be kept secret in order to prevent grave and irreparable injury to the competitive position of such person;

(6) will relate to the conduct or disposition (but not the initiation) of a case of adjudication governed by the provisions of the first paragraph of section 554(a) of title 5, United States Code, or of subsection (1), (2), (4), (5), or (6) thereof.

A separate vote of the agency members, or the members of a subdivision thereof authorized to take action on behalf of the agency, shall be taken with respect to each agency meeting a portion or portions of which are proposed to be closed to the public pursuant to this subsection. The vote of each agency member participating in such vote shall be recorded and no proxies shall be allowed. Within one day of such vote, the agency shall make publicly available a written copy of such vote and, if a meeting or portion thereof is closed to the public, a full written explanation of its action.

(c) Each agency shall make public announcement of the date, place, and subject matter of each meeting, and whether open or closed to the public, at least one week before each meeting. Such announcement shall be made unless the agency determines by a vote of the majority of its members, or in the case of a subdivision thereof authorized to take action on behalf of the agency, a majority of the members of the subdivision, that agency business requires that such meetings be called at an earlier date, in which case the agency shall make public announcement of the date, place, and subject matter of such meeting, and whether open or closed to the public, at the earliest practicable opportunity.

(d) A complete transcript or electronic recording adequate to fully record the proceedings shall be made of each meeting of each agency (whether open or closed to the public). Except as provided in subsection (e) of this section a copy of the transcript or electronic recording of each such meeting, together with any official minutes of such meeting, shall be made available to the public for inspection, and additional copies of any such transcript, minutes, or recording (or a copy of a transcription of the electronic recording), shall be furnished to any person at the actual cost of duplication or transcription. Notwithstanding the provisions of subsection (e), in the case of meetings closed to the public, the portion of such transcript made available for public inspection or electronic recording shall include a list of all persons attending and their affiliation, except for any portion of such list which would disclose the identity of a confidential source, or endanger the life or physical safety of law enforcement personnel.

(e) In the case of meetings closed to the public pursuant to subsection (b) of this section, the agency may delete from the copies of transcripts, electronic recordings, and minutes made available or furnished to the public pursuant to subsection (d) of this section, those portions which the agency determines by vote of a majority of its membership consist of materials specified in paragraph (1), (2), (3), (4), (5), or (6) of subsection (b) of this section. A separate vote of the agency shall be taken with respect to each transcript, electronic recording, or minutes. The vote of each agency member participating in such vote shall be recorded and published, and no proxies shall be allowed. In place of each portion deleted from copies of the meeting transcript, electronic recording, and minutes made available to the public, the agency shall supply a full written explanation of why such portion was deleted and a summary of the substance of the deleted portion that does not itself disclose information specified in paragraph (1), (2), (3), (4), (5), or (6) of subsection (b). The agency shall maintain a complete verbatim copy of the transcript, or a complete electronic recording of each meeting (including those portions deleted from copies made available to the public), for a period of at least two years after such meeting, or until one year after the conclusion of any proceeding with respect to which the meeting, or a portion thereof, was held, whichever occurs later.

(f) Each agency subject to the requirements of this section shall, within three hundred and sixty days after the enactment of this Act, following consultation with the Administrative Conference of the United States and published notice in the Federal Register of at least thirty days and opportunity for written comment by any persons, promulgate regulations to implement the requirements of subsections (a) through (e) inclusive of this section. Such regulations must, prior to final promulgation, receive the approval in writing of the Assistant Attorney General, office of Legal Counsel, certifying that in his opinion the regulations are in accord with the requirements of this section. Any citizen or person resident in the United States may bring a proceeding in the United States Court of Appeals for the District of Columbia Circuit—

(1) to require an agency to promulgate such regulations if such agency has not promulgated such regulations within the time period specified herein; or

(2) to set aside agency regulations issued pursuant to this subsection that are not in accord with the requirements of subsections (a) through (e) inclusive of this section, and to require the promulgation of regulations that are in accord with such subsections.

(g) The district courts of the United States shall have jurisdiction to enforce the requirements of subsections (a) through (e) inclusive of this section by declaratory judgment, injunctive relief, or otherwise. Such actions shall be brought within sixty days after the meeting whose closing is challenged as a violation of this section: *Provided,* That if public notice of such meeting was not provided by the agency in accordance with the requirements of this section, such action shall be brought within sixty days of such meeting or such public announcement, whichever is the later. Such actions shall be brought against an agency and its members by any citizen or person resident in the United States. Such actions may be brought in the district wherein the plaintiff resides, or has his principal place of business, or where the agency in question has its headquarters. In such actions a defendant shall serve his answer within twenty days after the service of the complaint. The burden is on the agency to sustain its action. Except as to causes the court considers of greater importance, proceedings before the district court, as authorized by this paragraph, take precedence on the docket over all other causes and shall be assigned a hearing and trial at the earliest practicable date and expedited in every way. In deciding such cases the court may examine any portion of a meeting transcript or electronic recording that was deleted from the publicly available copy and may take such additional evidence as it deems necessary. Among other forms of equitable relief, including the granting of an injunction against future violations of this section, the court may require that any portion of a meeting transcript or electronic recording improperly deleted from the publicly available copy be made publicly available for inspection and copying, and, having due regard for orderly administration and the public interest, may set aside any agency action taken or discussed at an agency meeting improperly closed to the public. The jurisdiction of the district courts under this subsection shall be concurrent with that of any other court otherwise authorized by law to review agency action. Any such court may, at the application of any person otherwise properly a party to a proceeding before such court to review an agency action, inquire into asserted violations by the agency of the requirements of this section and afford the relief authorized by this section in the case of proceedings by district courts.

(h) In any action brought pursuant to subsection (f) or (g) of this section, the reasonable costs of litigation (including reasonable fees for attorneys and expert witnesses) may be apportioned to the original parties or their successors in interest whenever the court determines such award is appropriate. In the case of apportionment of costs against an agency or its members, the costs may be assessed by the court against the United States.

(i) The agencies subject to the requirements of this section shall annually report to Congress regarding their compliance with such requirements, including a tabulation of the total number of agency meetings open to the public, the total number of meetings closed to the public, the reasons for closing such meetings, and a description of any litigation brought against the agency under this section.

SEC. 5. Title 5 of the United States Code is amended by adding after section 557 the following:

"EX PARTE COMMUNICATIONS IN AGENCY PROCEEDING

"SEC. 557A. (a) DEFINITIONS.—For purposes of this section—

"(1) 'Ex parte communication' means a communication relevant to an on-the-record

agency proceeding where such communication is not made on the record, or openly at a scheduled hearing session in such proceeding, and reasonable notice thereof is not given to all parties to, or intervenors in, such proceedings.

"(2) 'Interested person' means any person (including a member or employee of any Government agency or authority) other than a member or employee of the agency before which the on-the-record proceeding is pending who communicates with an agency member or employee with respect to any such on-the-record agency proceeding.

"(3) 'On-the-record agency proceeding' means any proceedings before any agency where the agency action, or a portion thereof, is required by law to be determined on the record after an opportunity for an agency hearing.

"(b) This section applies to any on-the-record agency proceeding.

"(c) In any agency proceeding which is subject to subsection (b) of this section—

"(1) no interested person shall make or cause to be made to any member of the agency in question, administrative judge, or employee who is or may be involved in the decisional process of the proceeding any ex parte communication;

"(2) no member of the agency in question, administrative judge, or employee who is or may be involved in the decisional process of the proceeding shall make or cause to be made to an interested person any ex parte communication;

"(3) a member of the agency in question, administrative judge, or employee who is or may be involved in the decisional process of the proceeding, who receives a communication in violation of this subsection, shall place in the public record of the proceeding—

"(A) any written material submitted in violation of this subsection; and

"(B) a memorandum stating the substance of each oral communication submitted in violation of this subsection; and

"(C) responses, if any, to the materials described in subparagraphs (A) and (B) of this subsection;

"(4) upon obtaining knowledge of a communication in violation of this subsection prompted by or from a party or intervenors to any proceeding to which this section applies, the agency members or member, the administrative judge, or employee presiding at the hearings may, to the extent consistent with the interests of justice and the policy of the underlying statutes, require the party or intervenors to show cause why his claim or interest in the proceeding should not be dismissed, denied, disregarded, or otherwise adversely affected by virtue of such violation.

"(d) The prohibitions of this section shall not apply—

"(1) to any proceeding to the extent required for the disposition of ex parte matters as authorized by law;

"(2) to any written communication from persons who are neither parties or intervenors to the proceeding, nor government officials acting in their official capacity, where such communications are promptly placed in the public docket file of the proceedings.

"(e) The prohibitions of this section shall apply at such time as the agency shall designate, having due regard for the public interest in open decisionmaking by agencies, but in no case shall they apply later than the time at which a proceeding is noticed for hearing. If the person responsible for the communication has knowledge that the proceeding will be noticed, the prohibitions of this section shall apply at the time of his acquisition of such knowledge. In the case of any person who files with an agency any application, petition, or other form of request for agency action, the prohibitions of this section shall apply, with respect to communications with such person, commencing at the time of such filing or at the time otherwise provided by this subsection, whichever occurs first.

"(f) Every agency notice of an opportunity for participation by interested persons in a hearing shall contain a statement as follows:

"(1) if such notice relates to an on-the-record agency proceeding, it shall state that the proceeding is subject to the provisions of this section with respect to ex parte communications;

"(2) if such notice relates to an agency proceeding not on-the-record, it shall state that the proceeding is not subject to the provisions of this section with respect to ex parte communications.

If a notice of hearing with respect to any proceeding before an agency fails to comply with this section, the proceeding shall be deemed to be an on-the-record agency proceeding for purposes of ex parte communications.

"(g) Each agency subject to the requirements of this section shall, within three hundred and sixty days after the enactment of this section, following consultation with the Administrative Conference of the United States and published notice in the Federal Register of at least thirty days and opportunity for written comment, promulgate regulations to implement the requirements of this section. Any citizen or person resident in the United States may bring a proceeding in the United States Court of Appeals for the District of Columbia Circuit—

"(1) to require any agency to promulgate regulations if the agency has not promulgated such regulations within the time period specified; or

"(2) to set aside agency regulations issued pursuant to this subsection that are not in accord with the requirements of this section, and to require the promulgation of regulations that are in accord with this section.

"(h) Nothing in this section shall be construed to permit any communication which is prohibited by any other provision of law, or to prohibit any agency from adopting, by rule or otherwise, prohibitions or regulations governing ex parte communications which are additional to, or more stringent than, the requirements of this section.

"(i) The district courts of the United States shall have jurisdiction to enforce the requirements of subsections (c) and (e) of this section by declaratory judgment, injunctive relief, or otherwise. The action may be brought by any citizen of or person resident in the United States. The action shall be brought in the district wherein the plaintiff resides or has his principal place of business, or where the agency in question has its headquarters. Where a person other than an agency, agency member, administrative judge, or employee is alleged to have participated in a violation of the requirements of this section, such person may, but need not, be joined as a party defendant; for purposes of joining such person as a party defendant, service may be had on such person in any district. Among other forms of equitable relief, the court may require that any ex parte communication made or received in violation of the requirements of this section be published, and, having due regard for orderly administration and the public interest, may set aside any agency action taken in a proceeding where the violation occurred. The jurisdiction of the district courts under this subsection shall be concurrent with that of any other court otherwise authorized by law to review agency action. Any such court may, at the application of any person otherwise properly a party to a proceeding before such court to review an agency action, inquire into asserted violations by the agency of the requirements of this section, and afford the relief authorized by this section in the case of proceedings by district courts.

"(j) In any action brought pursuant to subsection (g) and (i) of this section, cost of litigation (including reasonable fees for attorneys and expert witnesses) may be apportioned to the original parties or their successors in interest whenever the court determines such award is appropriate."

SEC. 6. This Act and the amendments made by this Act do not authorize withholding of information or limit the availability of records to the public except as provided in this title. This Act does not authorize any information to be withheld from Congress.

ILLEGAL SPYING BY THE IRS

(Ms. ABZUG asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Ms. ABZUG. Mr. Speaker, on Thursday, March 13, 1975, the Subcommittee on Government Information and Individual Rights held a hearing on the intelligence-gathering operations of the Internal Revenue Service. At this hearing the Commissioner of the IRS, Donald C. Alexander, testified along with a number of his associates.

The Commissioner gave testimony, under oath, that the IRS was not collecting information on the political or social beliefs of any individual, was not operating a surveillance system aimed at political dissidents, and further, that all intelligence-gathering operations were suspended pending a full review of their procedures. Commissioner Alexander further testified that while there might have been past improprieties, none of the investigations he ordered, upon becoming Commissioner, turned up any serious cases of improper activity by the IRS.

Yet, just the next day, Friday, March 14, 1975, the Miami News carried a story alleging that the IRS carried on an extensive operation in 1972 involving the surveillance of numerous public officials in Florida, including Federal judges. These IRS agents were not investigating tax fraud, according to the story, but were collecting data on the private lives and social habits of these persons. The IRS was using paid informants to pry into the lives of high officials whose only apparent "wrong" was to question the illegal activities of the Nixon administration.

Commissioner Alexander has not denied the allegations in this story, and has, in fact, finally confirmed that the IRS may have been engaged in such tactics. An internal investigation has been undertaken in Miami. Yet, just the day before, he testified that stories such as this were gross exaggerations. Just the day before, I asked the Director of the Intelligence Division, John Olszewski, if the IRS had paid informants on its payroll. Mr. Olszewski testified:

> We do not necessarily have a man on payroll where he is receiving weekly or monthly payments.

Yet, on Friday, the Miami News carried the story, which has not been challenged, that an informer was receiving a weekly salary in addition to expenses—a direct refutation of sworn testimony.

When I again asked the IRS witnesses if any of these types of prior newspaper allegations were true, I received the same

vague assurances that the news stories were inaccurate or were exaggerations. The Assistant Commissioner for Inspection, Warren Bates, said:

We looked at some of the activities of our group file, particularly those in one district. We found the same as Mr. Olszewski told you a few minutes ago. We do have managers and supervisors and employees who are importing information into the IGRS (Intelligence Gathering Research System) system. It is their judgment as to how they apply the guidelines issued to them. Undoubtedly, the kind of information that goes in there—the sort of thing you talk about—can creep into those files. It is not a deliberate searching out of that information.

I hardly think, Mr. Speaker, that a concerted, long-term effort to pry into the lives of public officials can be passed off as information "creeping" into the files.

Either the Internal Revenue Service has the most inept leadership in the U.S. Government or their senior officials lied to my subcommittee. I intend to get to the bottom of this and have demanded a full report by Commissioner Alexander on the extent to which the IRS was operating in clear violation of the law, not only in Florida, but wherever else these activities may have taken place.

Mr. Speaker, at this point in the RECORD I insert the text of several articles dealing with these disclosures:

[From the Miami News, Mar. 14, 1975]

I SPIED ON DADE OFFICIALS FOR IRS, EX-AGENT SAYS

(By Dick Holland and Chris Sanson)

The Internal Revenue Service in Miami employed dozens of undercover agents in 1972 to spy on the sex lives and drinking habits of public officials, including federal judges, according to a woman who says she was one of the agents.

The effort was designated "Operation Leprechaun," said the woman, identified here only as Jane Doe because of her fear of retaliation.

Her account is backed up by documents including a sworn affidavit, a signed statement from the IRS regarding her wages from the service during the period, and receipt for a safety deposit box she shared with her immediate supervisor in the IRS.

She told The Miami News that for spying on public officials including Dade State Attorney Richard Gerstein, she was promised "$20,000 a year for life and eventually a home outside the country."

She actually got "$200 a week—sometimes more, sometimes less—plus car expenses," she said. The car was rented by the IRS, she said, and the license tag was changed weekly.

The Miami News has obtained a copy of a letter from an IRS official to the woman attesting to the payment of $2,960 to her by the IRS for services during 1974.

Jane Doe's account of her activities in behalf of the IRS dovetails with information given The News earlier by an IRS agent who, during the latter years of the Nixon Administration, was assigned to a special intelligence-gathering unit in Miami.

"Specifically," she said, "they wanted information on the personal life of the officials, what they were doing, where they were going, who were they hanging around with, their sex life and their drinking habits."

What IRS' objective was in launching Operation Leprechaun was not immediately clear.

The emphasis of the spying came to be "completely on sex," she said, adding that she could not imagine what that could have to do with possible income tax violations, the sole legitimate purview of the IRS.

Asked to respond to her allegations, Holger Euringer, public information officer for the IRS Florida District, said:

"I don't think that now we are in a position to deny that some of the information we got was definitely not tax-related. But when someone gives you a packet of information, it's apt to contain anything."

Jane said her immediate supervisor in Operation Leprechaun was John T. Harrison, and his superior was Thomas A. Lopez. Harrison is now with the IRS intelligence unit in Fort Lauderdale. Lopez is still a member of the Miami IRS intelligence unit.

She said she had previously worked with another investigative-type federal agency, and was interviewed by Harrison and Lopez after she went to the IRS in Miami in early 1972 on a personal tax matter.

Lopez has been identifiied by the Miami News source within the IRS as having been the leader of a special Miami intelligence-gathering unit. In May of 1973 this unit, and its counterparts in other major cities, were officially designated as Information Gathering and Retrieval System (IGRS).

Orders to suspend operation of the IGRS were handed down from Washington last Jan. 22.

Euringer said that during the period in question, "We did have confidential informants just like any other federal agencies. They were not on what I would call the regular payroll, but we did pay them as they provided us with information.

He added: "We are not doing that now. As you know, we are reevaluating our entire intelligence gathering situation (since the suspension of the IGRS work).

Euringer said he had never heard of Operation Leprechaun, but conceded that this "doesn't prove it didn't exist."

Jane Doe said the targets of Leprechaun included, in addition to Gerstein, 29 persons ranging from attorneys to city and county commisioners and mayors, state legislators, an assistant U.S. attorney, a public relations man, a political confidante, a minister, a city manager, municipal and Circuit Court judges, a justice of the Florida Supreme Court and three judges of the U.S. District Court.

She said Harrison gave her photographs of the 30 targets and all but one of the photos—that of a female Circuit Court judge—appeared to have been taken during surveillance with a telephoto lens. The back of each photo bore the name of the subject handwritten in green ink by Harrison, she said.

She said she immediately recognized only one of the subjects, Gerstein, because she had met him casually through a mutual acquaintance.

Gerstein and his chief investigator, Martin Dardis, were at that time about to become deeply involved in the investigation of the Watergate coverup conspiracy which originated on Key Biscayne.

Jane said her IRS superiors told her that the people in the photos "were all 'bad actors,' that they all had 'sexual hangups.'"

Harrison asked her to help recruit other undercover agents, she said, and she did so, from among the Cuban exile community. She said Harrison bragged to her at one point later that he had—31 such agents at work.

Jane Doe was found independently of The Miami News source still within the IRS, but he said her information on Operation Leprechaun "is absolutely accurate."

He said the operatives hired by the special unit were "85 per cent Cubans—They either own or manage or work at restaurants and night clubs, night spots where you have fun—and games . . . Cubans are all over the place and are not shocked at the suggestion of spying."

Jane said her IRS superiors bought membership cards for her in certain private clubs which the targets of the surveillance were believed to frequent.

She told The News that during her several months' work as an operative she went to those clubs but "I didn't know any of those people and I didn't see them there."

She said the surveillance during Leprechaun included, for example, photo-taking of a certain female judge's home, automobile and pet monkey.

At one point, she said, the agents were discussing a plan to have a male agent attempt to "establish a relationship" with the judge. The plan was to disable the judge's car and have the agent pretend to just happen by while she was at the car. He would fix it and strike up an acquaintance.

There were also efforts to get information on the rumored homosexual proclivities of one of the male subjects, Jane Doe said.

She said she didn't feel at the outset that there was anything illegal or improper about the Leprechaun tactics "because, after all, the IRS was doing it."

She dug up information on some of the subjects by searching through newspapers and publications in the public library, she said.

The information was innocuous, harmless, and actually available to anyone who wanted it, but she typed it up anyway and gave it to Harrison, she said.

They would meet weekly, usually in a parked car, she said. She was paid by cash, except once when she couldn't meet personally with Harrison and he sent her a check in the mail, drawn on a local bank, she asserted.

At one point, she said, her superiors inexplicably presented her with a French poodle. They seemed to regard her information as valuable, "because they paid me for it. I'd just give it to him (Harrison) and he'd stick it in his briefcase."

She said she was never told where the information was going, but assumed it was "the secretary of the Treasury or the White House."

The Washington Bureau of the Philadelphia Bulletin early this year quoted high-level sources in Washington as saying that Lopez, identified by Jane as Harrison's superior, was relaying information directly to John Dean, who was counsel to the White House.

Jane, an attractive woman, said that while she was with Leprechaun, she got married, and "they (the IRS) never found out about it (at that time) that I know of."

Not far into her employment, she said, her superiors ordered her to concentrate her attention on Gerstein.

She said her superiors discussed Watergate. "This was most important to them. They separated me from the rest of the group because I was working on Gerstein. They said the order came from 'the highest levels.'"

She said her superiors never ordered her directly to try to have sex with the state attorney, "but they insinuated it."

It did not come about; she said, and by September of 1972 she felt that what her superiors really sought was "entrapment" of Gerstein. She said she told her superiors that what they were attempting was illegal or improper and she wanted out.

The Miami News' source within the IRS said: "Entrapment was the name of the game—and since the group being spied upon had very few saints in it, entrapment was pretty tough to prove."

Jane Doe said that when she quit, an IRS agent threatened that she or her children would suffer "a fatal accident" or he would railroad her into jail if she ever revealed what went on.

Since leaving, she said, she has changed her name and place of residence several times. She said she was kept under surveillance by the IRS for two or three months after her departure, but apparently has not

been the object of special IRS interest for some time since.

She said she finally decided to come forward with her account upon learning of the current multifaceted investigations of alleged improper activities by the IRS and other federal investigative agencies.

When The News asked Harrison to respond to Jane's allegations, he asked the reporter to repeat his name and give his phone number, then said: "I'll have to get back to you on this."

It was nearly four hours later that Euringer, information officer in Jacksonville, called. Euringer said it would be difficult to respond to specific statements by Jane Doe because The News would not reveal her true name.

Leon Levine, IRS operations chief in Washington, was asked about Jane's allegations and mentioned the name of Lopez before the reporter did. The name had come up previously, of course, in earlier phases of the inquiry.

Levine said her statements amount to "much more specific allegations" than had been made in the past.

Like the more general allegations made earlier, they are "very serious allegations," Levine said, "but just allegations."

He said all will be, or already are being, investigated by the IRS district, regional, and national offices as well as by the IRS internal security division.

[From the Washington Star-News Mar. 15, 1975]

1972 IRS SPYING ON JUDGES ALLEGED

MIAMI, FLA.,—The Internal Revenue Service in Miami employed dozens of undercover agents in 1972 to spy on public officials, including federal judges, the Miami News said yesterday.

Quoting an unnamed former IRS agent who helped gather the information, the News said agents concentrated on gathering information about their subjects' sex lives and drinking habits.

The ex-agent, an unidentified woman, told the News she did not know what the IRS' objective was in launching "Operation Leprechaun."

She identified one of the surveillance leaders as Thomas A. Lopez, still a member of the IRS intelligence unit here. Lopez was not immediately available for comment.

Earlier this year, The Philadelphia Bulletin quoted high-level sources in Washington as saying that Lopez had relayed IRS information to John Dean when he was White House counsel in the Nixon administration.

The News said the 30 persons watched by the hired agents included U.S. District Court Judges Jcseph Eaton, William O. Mehrtens and Emett Choate, all based in Florida; Florida Supreme Court Justice B. K. Roberts, and Dade County State's Atty. Richard Gerstein, who participated in the Watergate investigation.

The former agent told the News she was promised "$20,000 a year for life and eventually a home outside the country" for her clandestine work. She actually received about $200 a week and automobile expenses, she said.

"They wanted information on the personal life of the officials, what they were doing, where they were going, who were they hanging around with, their sex life and their drinking habits," she said.

Holger Euringer, an IRS spokesman here, said of the report:

"I don't think that we now are in a position to deny that some of the information we got was definitely not tax-related. But when someone gives you a packet of information it's apt to contain anything."

Euringer added, "We did have confidential informants just like any other federal agency. They were not on what I would call the regular payroll, but we did pay them as they provided us with information.

"We are not doing that now," he said.

[From the New York Times, Mar. 15, 1975]

MIAMIAN ASSERTS IRS RECRUITED HER TO SPY OUT PERSONAL DATA ON OFFICIALS

(By B. Drummond Ayres, Jr.)

MIAMI, March 14.—A Miami woman said today that she was recruited by the Internal Revenue Service in 1972 to take part in a widespread operation to gather information on the sex life and drinking habits of 30 prominent South Floridians, among them a state attorney involved in the Watergate investigation.

The woman, Elsa Suarez, said the spy effort had been dubbed Operation Leprechaun and had been aimed mainly at Federal and state judges and several city and county commissioners.

She said that the over-all goal of the operation had never been made very clear to her. But she said that she had been promised a life-long pension of $20,000 a year and home abroad if she could come up with information that would "get" the state attorney, Richard Gerstein of Dade County.

"It was like a small C.I.A. operation," she asserted in an interview. "I was supposed to mingle in local exclusive clubs and bars and these judges and politicians, pick up all the dirt I could, maybe even go to bed with them.

"I never did sleep with anybody or get any good dirt during the three months I was on the job. My contacts had told me that the people I was supposed to watch were 'no good,' that one was a homosexual, that others had mistresses."

ONLY ON TAX VIOLATIONS

The Internal Revenue Service normally gathers intelligence only on tax violations.

Local officials of the agency refused to comment on Mrs. Suarez's charges and referred all queries to their Washington headquarters. In Washington, a spokesman for the agency said its top officials were "in a meeting."

Six weeks ago, The Philadelphia Bulletin reported that a secret unit of the I.R.S. that allegedly had collected "personal information" on thousands of American citizens in recent years had been ordered to disband and destroy its files.

The article indicated that the unit had operated in a number of cities, including Miami. It quoted sources who said that some of the unit's operatives had reported directly to the White House when Richard M. Nixon was President.

One such operative, it added, was Thomas Lopez, a Miami tax agent.

Mrs. Suarez, in asserting that she had spied for the service, produced several supporting documents and mentioned Mr. Lopez's name. One document appeared to be a photocopy of a letter from the I.R.S. regarding $2,960 allegedly paid her by the agency.

NAMED CONTACT

Another document appeared to be a receipt indicating that she had shared a safe-deposit box at the Florida National Bank in Coral Gables with John T. Harrison, whom she named as her chief contact in the agency, along with Mr. Lopez.

Mrs. Suarez, a 33-year-old divorcee, has made a sworn statement regarding her assertions to Richard Gerstein, the State Attorney for Dade County who is one of the 30 persons she was told to watch.

Mr. Gerstein, an early investigator in the Watergate case because of its many Florida aspects, called this afternoon for a Congressional investigation of Mrs. Suarez's charges.

"In the meantime," he said, "I'm conducting my own investigation to see if any local laws have been violated. I want to know if any tax people have threatened any bar owners or the like with tax suits or loss of licenses for failing to come up with information on people like me.

"All I can add is that I hope the secret files contain only the real facts on me, not my fantasies."

Mrs. Suarez said she apparently had been recruited by the I.R.S. because of an earlier undercover asscciation with other Federal agencies, among them the Drug Enforcement Administration, and because she had voluntarily approached the tax agency with information about a tax violation.

After joining the I.R.S. spying operation, Mrs. Suarez reported, she was given a code name—Carmen—and was told to recruit other undercover agents.

"I got two guys," she said "one of whom had worked with me earlier on a narcotics case."

She did not disclose any names.

She said her contacts at the agency had told her that they were interested mainly in the "sexual hangups" of the people she was assigned to watch.

"They told me, 'Get Gerstein in particular because he's making trouble with his Watergate investigation,'" she recounted.

NOT CLEAR ON OBJECTIVE

"They said they would give me a $20,000-a-year pension for life, new identity and a home abroad if I were successful. But other than that, they were never very clear about the objective of Operation Leprechaun."

To make her job easier, Mrs. Suarez said, the I.R.S. gave her a car and membership in the Jockey, Palm Bay and Mutiny Clubs, three of Miami's most exclusive organizations.

"I would go to these clubs and try to meet the people I was supposed to be watching," she said. "I didn't have a whole lot of luck.

"They also told me to get involved in politics because that would introduce me to a lot of people."

After three months of trying and producing little information she said, she told one of her contacts that she wanted to quit.

"I thought things looked fishy," she recounted, "but the contact became very angry and threatened me and my children."

Mrs. Suarez was reported today to be under police protection.

[From the Washington Post, Mar. 16, 1975]

IRS TEAM TO PROBE MIAMI UNIT

MIAMI, March 15.—Internal Revenue Service inspectors arrived here today to investigate reports of a local IRS spying operation that allegedly gathered information about the drinking habits and sex lives of public officials.

"We mean to find out what was going on down there, and what it was about," said Leon Levine, IRS operations chief in Washington. "All we have is allegations, and if we are going to find out anything, we are going to do it the right way—orderly, logically and legally."

Levine said officials from Washington and Atlanta would investigate reports published Friday in The Miami News and The Miami Herald in which sources said the IRS in Miami employed dozens of undercover agents to gather personal information about 30 persons.

[From the Washington Star-News, Mar. 17, 1975]

STRIKE FORCE DEFENDED

MIAMI.—A Justice Department strike force director, denying published allegations, says his office was interested in corruption and organized crime and not the sex lives and drinking habits of federal and state officials.

Douglas McMillan, the Organized Crime Strike Force's Miami-based regional director,

was quoted by the Miami Herald yesterday as saying a 1972 investigation stemmed from an agreement between the strike force and the Internal Revenue service.

"It (the investigation) was an intelligence-gathering operation aimed at corruption and organized crime," McMillan said. "The last thing we were interested in were the sex lives of anybody. We have neither the time or the inclination." The Miami News said last week in a copyrighted story an IRS spy network, known as "Operation Leprechaun," studied the sex habits and private lives of 30 prominent Miamians, including a Supreme Court justice and three federal judges.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CHARLES H. WILSON of California (at the request of Mr. O'NEILL), for today, on account of official business.

Mr. ALEXANDER (at the request of Mr. O'NEILL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HYDE) to revise and extend their remarks and include extraneous material:)

Mr. STEIGER of Wisconsin, for 15 minutes, today.

Mr. BURKE of Florida, for 5 minutes, today.

Mr. DUNCAN of Tennessee, for 1 hour, today.

Mr. LENT, for 5 minutes, today.

Mr. TALCOTT, for 10 minutes, today.

(The following Members (at the request of Mr. SIMON) to revise and extend their remarks and to include extraneous material:)

Mr. MORGAN, for 10 minutes, today.

Mr. JONES of North Carolina, for 10 minutes, today.

Mr. BINGHAM, for 5 minutes, today.

Mr. HUGHES, for 5 minutes, today.

Mr. FLOOD, for 5 minutes, today.

Mr. DIGGS, for 5 minutes, today.

Mr. BROWN of California, for 5 minutes today.

Mr. FASCELL, for 10 minutes, today.

Mr. BRADEMAS, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes. today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. HYDE) and to include extraneous matter:)

Mr. YOUNG of Alaska.

Mr. LAGOMARSINO.

Mr. CARTER.

Mr. CRANE.

Mr. ROBERT W. DANIEL, Jr.

Mr. MCKINNEY.

Mr. CLANCY.

Mr. PRESSLER.

Mr. ANDERSON of Illinois in two instances.

Mr. BURKE of Florida in four instances.

Mr. GUYER.

Mr. ASHBROOK in three instances.

Mr. GILMAN.

Mr. KASTEN.

Mr. ARMSTRONG.

Mr. YOUNG of Florida in five instances.

Mr. WIGGINS.

Mr. BOB WILSON.

Mr. PRITCHARD.

Mr. MYERS of Pennsylvania.

Mr. GOLDWATER.

Mr. JARMAN.

(The following Members (at the request of Mr. SIMON) and to include extraneous matter:)

Mr. HARRINGTON in 10 instances.

Mr. REES.

Mr. FUQUA in five instances.

Mr. WAXMAN.

Mr. JONES of North Carolina.

Mr. DINGELL

Mr. LLOYD of California.

Mr. SOLARZ in three instances.

Mr. HUGHES in 10 instances.

Mr. DRINAN in 10 instances.

Mr. ROSENTHAL in five instances.

Mr. OBEY.

Mr. RANGEL.

Ms. CHISHOLM.

Mr. MILLER of California.

Mr. UDALL.

Mr. EILBERG.

Mr. ULLMAN.

Mrs. SCHROEDER in five instances.

Mrs. SPELLMAN.

Mr. MINETA.

Mr. MCDONALD of Georgia in four instances.

Mr. MANN.

Mrs. SULLIVAN.

Mr. ROE in two instances.

Mr. EVINS of Tennessee.

Mr. DOWNING.

Mr. MORGAN in five instances.

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. RICHMOND.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 326. An act to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

S. 1172.—An act to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a ten-year term for the appointment of the Director of the Federal Bureau of Investigation; to the Committee on the Judiciary.

ADJOURNMENT

Mr. SIMON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 23 minutes p.m.), the House adjourned until tomorrow, Wednesday, March 19, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

589. A letter from the Secretary of Defense, transmitting a draft of proposed legislation to authorize certain construction at military installations and for other purposes; to the Committee on Armed Services.

590. A letter from the Chairman of the Board of Governors, Federal Reserve System, transmitting the portion of the annual report of the Board of Governors for calendar year 1974 dealing with monetary policy and the economy; to the Committee on Banking, Currency and Housing.

591. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–4, "To modify the vending regulations in regard to ice cream vendors," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

592. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend the authorization of appropriations for the National Institute of Education, to establish priorities on which the resources of the Institute will be concentrated, and for other purposes; to the Committee on Education and Labor.

593. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend until July 31, 1975, the date for submission of the long-range projection for the provision of comprehensive services to handicapped individuals; to the Committee on Education and Labor.

594. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed amendments to the regulations governing the Library Services and Construction Act, to reflect amendments made by Public Law 93–380, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

595. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed regulations for a State Dissemination Grants program in the National Institute of Education, Department of Health, Education, and Welfare, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

596. A letter from the Comptroller, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Navy to offer to sell certain defense articles to the Government of Spain, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on Foreign Affairs.

597. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend section 48 of the Bankruptcy Act (11 U.S.C. 76) to increase the maximum compensation allowable to receivers and trustees; to the Committee on the Judiciary.

598. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the Bankruptcy Act to abolish the referees' salary and expense fund, to provide that fees and charges collected by the clerk of a court of bankruptcy in bankruptcy proceedings be paid into the general fund of the Treasury of the United States, to provide salaries and expenses of referees be paid from the general fund of the Treasury, and to eliminate the statutory criteria presently required to be considered by the Judicial Conference in fixing salaries of full-time referees; to the Committee on the Judiciary.

599. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alteration, to author-

ize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes; to the Committee on Merchant Marine and Fisheries.

600. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the civil service retirement law to increase the retirement benefits of referees in bankruptcy; to the Committee on Post Office and Civil Service.

601. A letter from the Secretary of Commerce, transmitting the annual report of the Foreign-Trade Zones Board for fiscal year 1974, together with reports covering the same period of Foreign-Trade Zones Nos. 1, 2, 3, 5, 7, 8, 9, 10, 12, 15, and 17, and subzones 3A and 9A, pursuant to section 16 of the Foreign-Trade Zones Act of 1934, as amended; to the Committee on Ways and Means.

602. A letter from the Secretary of the Army and the Secretary of Agriculture, transmitting notice of the intention of the Departments of the Army and Agriculture to interchange lands at Fort Polk, La., pursuant to 70 Stat. 656; jointly to the Committees on Agriculture, and Armed Services.

603. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the Bankruptcy Act and the civil service retirement law with respect to the tenure and retirement of referees in bankruptcy; jointly to the Committees on the Judiciary, and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FLYNT: Committee on Standards of Official Conduct. House Resolution 46. Resolution to amend the Code of Official Conduct of the Rules of the House of Representatives; with amendment (Rept. No. 94–76). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 337. Resolution providing for the consideration of H.R. 4485. A bill to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources. (Rept. No. 94–80). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DANIELSON: Committee on the Judiciary. H.R. 2562. A bill for the relief of Charles P. Bailey (Rept. No. 94–77). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 3382. A bill for the relief of Raymond Monroe (Rept. No. 94–78). Referred to the Committee of the Whole House.

Mr. MOORHEAD of California: Committee on the Judiciary. H.R. 4056. A bill for the relief of Tri-State Motor Transit Co.; with amendment (Rept. No. 94–79). Referred to the Committee of the Whole House.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 49. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; with amendment, and referred to the Committee on Armed Services for the period ending April 19, 1975. (Rept. No. 94–81, Pt. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 5054. A bill to amend the Public Health Service Act to establish an emergency health benefits protection program for the unemployed; to the Committee on Interstate and Foreign Commerce.

By Mr. ARMSTRONG (for himself and Mr. MONTGOMERY):

H.R. 5055. A bill to amend section 615(a) of title 10, United States Code, relating to required service of members of the Armed Forces; to the Committee on Armed Services.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. ARMSTRONG, Mr. CARTER, Mr. DICKINSON, Mr. EDGAR, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FISH, Mr. FREY, Mr. GIBBONS, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN, Mr. MCDONALD of Georgia, Mr. MILLER of Ohio, Mr. MOORHEAD of California):

H.R. 5056. A bill to amend title 2 of the United States Code to provide for the consideration and adoption of the Rules of the House of Representatives for the 95th and each succeeding Congress; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. O'BRIEN, Mr. PEYSER, Mr. SCHULZE, Mr. SEBELIUS, Mr. STEIGER of Wisconsin):

H.R. 5057. A bill to amend title 2 of the United States Code to provide for the consideration and adoption of the Rules of the House of Representatives for the 95th and each succeeding Congress; to the Committee on Rules.

By Mr. ARCHER (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. BEARD of Tennessee, Mr. BROOMFIELD, Mr. BURGENER, Mr. BURLESON of Texas, Mr. COUGHLIN, Mr. DAN DANIEL, Mr. DICKINSON, Mr. FLOOD, Mrs. HOLT, Mr. JOHNSON of Colorado, Mr. LENT, Mr. LOTT, Mr. MCCOLLISTER, Mr. MCDONALD of Georgia, Mr. MURTHA, Mr. O'BRIEN, Mr. PATTISON of New York, and Mr. RIEGLE):

H.R. 5058. A bill to amend the Internal Revenue Code of 1954 to provide income tax relief for small businesses; to the Committee on Ways and Means.

By Mr. ARCHER (for himself, Mr. ROE, Mrs. SCHROEDER, Mr. THONE, Mr. WAGGONNER, Mr. WINN, Mr. YATRON, Mr. MITCHELL of Maryland, and Mr. MONTGOMERY):

H.R. 5059. A bill to amend the Internal Revenue Code of 1954 to provide income tax relief for small businesses; to the Committee on Ways and Means.

By Mr. ASHLEY (for himself and Mr. BLANCHARD):

H.R. 5060. A bill to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or whose incomes have been significantly reduced as the result of adverse economic conditions; to the Committee on Banking, Currency and Housing.

By Mr. ASHLEY (by request):

H.R. 5061. A bill relating to collective-bargaining representation of postal employees; to the Committee on Post Office and Civil Service.

By Mr. BAUCUS:

H.R. 5062. A bill to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of MHD (magnetohydrodynamics) to assist in meeting our national energy needs, and for other purposes; to the Committee on Science and Technology.

By Mr. BURKE of Florida:

H.R. 5063. A bill to provide for the issuance of a commemorative postage stamp in honor of the veterans of the Spanish-American War; to the Committee on Post Office and Civil Service.

H.R. 5064. A bill to provide for the issuance of a commemorative postage stamp in honor of the veterans of World War II; to the Committee on Post Office and Civil Service.

H.R. 5065. A bill to provide for the issuance of a commemorative postage stamp in honor of the veterans of World War I; to the Committee on Post Office and Civil Service.

H.R. 5066. A bill to provide for the issuance of a commemorative postage stamp in honor of the first enlisted women in the U.S. Armed Forces; to the Committee on Post Office and Civil Service.

H.R. 5067. A bill to provide for a national cemetery in the area of Broward County, Fla.; to the Committee on Veterans' Affairs.

H.R. 5068. A bill to permit the release of certain veterans from liability to the United States arising out of loans made, guaranteed, or insured under chapter 37 of title 38, United States Code; to the Committee on Veterans' Affairs.

H.R. 5069. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5070. A bill to amend chapter 15 of title 38, United States Code, to provide for the payment of pension of $200 per month to World War I veterans, subject to a $3,000 and $4,200 annual income limitation; to provide that retirement income such as social security shall not be counted as income; to provide that such pension shall be increased by 10 percent where the veteran served overseas during World War I, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. CONABLE:

H.R. 5071. A bill to amend section 584 of the Internal Revenue Code of 1954 with respect to the treatment of affiliated banks for purposes of the common trust fund provisions of such code; to the Committee on Ways and Means.

By Mr. DENT (for himself, Mrs. COLLINS of Illinois, Mr. CONTE, Mr. HOLLAND, Mr. KEMP, and Mr. MOAKLEY):

H.R. 5072. A bill to provide an income tax credit for savings for the payment of post-secondary educational expenses; to the Committee on Ways and Means.

By Mr. DICKINSON (for himself, Mr. ANDERSON of Illinois, Mr. ARCHER, Mr. BAFALIS, Mr. BEARD of Tennessee, Mr. CHAPPELL, Mr. DEL CLAWSON, Mr. COLLINS of Texas, Mr. CRANE, Mr. DERWINSKI, Mr. DEVINE, Mr. GOLDWATER, Mr. GOODLING, Mr. HENDERSON, Mr. HINSHAW, Mrs. HOLT, Mr. KETCHUM, Mr. MCDONALD of Georgia, Mr. MANN, Mr. MARTIN of North Carolina, Mr. ROBINSON, Mr. ROUSSELOT, Mr. SEBELIUS, Mr. STEIGER of Arizona, and Mr. TAYLOR of Missouri):

H.R. 5073. A bill to amend the Food Stamp Act of 1964, to exclude from coverage under

the act households which have members who are on strike, and for other purposes; to the Committee on Agriculture.

By Mr. DICKINSON (for himself, Mr. TREEN, Mr. WHITEHURST, Mr. BOB WILSON, Mr. WINN, and Mr. YOUNG of Florida):

H.R. 5074. A bill to amend the Food Stamp Act of 1964, to exclude from coverage under the act households which have members who are on strike, and for other purposes; to the Committee on Agriculture.

By Mr. FASCELL:

H.R. 5075. A bill to provide that meetings of Government agencies and of congressional committees shall be open to the public, and for other purposes; to the Committee on Government Operations.

By Mr. FOLEY:

H.R. 5076. A bill to prohibit the Consumer Product Safety Commission from restricting the sale or manufacture of firearms or ammunition; to the Committee on Interstate and Foreign Commerce.

By Mr. FOLEY (for himself, Mr. ULLMAN, Mr. AUCOIN, Mr. DUNCAN of Oregon, Mr. WEAVER, Mr. MEEDS, Mr. BONKER, Mr. JOHNSON of California and Mr. SYMMS):

H.R. 5077. A bill relating to certain Forest Service timber sale contracts involving road construction; to the Committee on Public Works and Transportation.

By Mr. FREY:

H.R. 5078. A bill to provide financial assistance to the States for improved educational services for exceptional children; to establish a National Clearinghouse for Exceptional Children; and for other purposes; to the Committee on Education and Labor.

By Mr. GUYER:

H.R. 5079. A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress, and to provide for systematic reduction of the public debt; to the Committee on Ways and Means.

H.R. 5080. A bill to amend title II of the Social Security Act to increase to $7,500 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. HANNAFORD:

H.R. 5081. A bill to amend title II of the Social Security Act to increase to $3,600 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder); to the Committee on Ways and Means.

By Mr. HARRINGTON (for himself, Mr. O'BRIEN, Mr. ROSENTHAL, Mr. FORD of Michigan, Mr. BROWN of CALIFORNIA, Mr. RYAN, Mr. REES, Mr. BADILLO, Mrs. SCHROEDER, Mr. RICHMOND, Mr. OTTINGER, Mr. RIEGLE, Mr. EDGAR, and Mr. DUNCAN of Oregon):

H.R. 5082. A bill to amend the Trade Act of 1974 to provide for the application of the generalized system of preferences to Western Hemisphere countries; to the Committee on Ways and Means.

By Mr. HINSHAW:

H.R. 5083. A bill to provide that the U.S. Postal Service may not require the installation of mailboxes at the curb line of residential property in certain localities; to the Committee on Post Office and Civil Service.

By Mr. JEFFORDS (for himself and Mr. HANNAFORD):

H.R. 5084. A bill to prohibit the introduction into interstate commerce of nonreturnable beverage containers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. JEFFORDS (for himself and Mr. CLEVELAND):

H.R. 5085. A bill to amend the Internal Revenue Code of 1954 to impose an excise tax on passenger automobiles based on fuel consumption rates and to allow a credit for the purchase of passenger automobiles which meet certain standards of fuel consumption, and for other purposes; to the Committee on Ways and Means.

By Mr. JONES of Tennessee (for himself, Mr. EVINS of Tennessee, Mr. FULTON, Mr. FORD of Tennessee, Mr. DUNCAN of Tennessee, and Mr. BEARD of Tennessee):

H.R. 5086. A bill to amend the Controlled Substances Act to provide penalties for persons who obtain or attempt to obtain narcotics or other controlled substances from a retail pharmacy by force and violence and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KASTEN (for himself, Mr. DERWINSKI, Mr. WINN, Mr. AUCOIN, Mr. RYAN, and Mr. HANNAFORD):

H.R. 5087. A bill to amend the State and Local Fiscal Assistance Act of 1972 to extend the Federal revenue sharing program for an additional period, to periodically increase the amounts returned to States and local governments under such program, and for other purposes; to the Committee on Government Operations.

By Mr. KEMP (for himself, Mr. LAFALCE, Mr. NOWAK, Mr. HANLEY, Mr. DELANEY, Mr. HORTON, Mr. KOCH, Mr. LENT, Mr. RANGEL, Mr. FLOOD, Mr. GILMAN, Mr. RICHMOND, Mr. MCKINNEY, Mr. MITCHELL of New York, Mr. MCEWEN, Mr. PIKE, Mr. PATTISON of New York, Mr. PEYSER, Mr. ROSENTHAL, Mr. JEFFORDS, Mr. FISH, Mr. ADDABBO, Mr. ZEFERETTI, and Mr. HASTINGS):

H.R. 5088. A bill to amend section 109 of title 23 of the United States Code to permit the Secretary of Transportation to delegate the responsibility for the preparation of an environmental impact statement to the State affected by a proposed project on a Federal-aid highway system; to the Committee on Public Works and Transportation.

By Mr. LENT (for himself, Mr. DUNCAN of Tennessee, Mr. YATRON, Mr. DEL CLAWSON, Mr. LAGOMARSINO, Mr. HORTON, Mr. O'BRIEN, Mr. SOLARZ, Mr. RYAN, and Mr. HENDERSON):

H.R. 5089. A bill to establish a contiguous fishery zone (200-mile limit) beyond the territorial sea of the United States; to the Committee on Merchant Marine and Fisheries.

By Mr. MEEDS:

H.R. 5090. A bill to provide for the disposition of funds appropriated to pay a judgment in favor of the Cowlitz Tribe of Indians in Indian Claims Commission docket No. 218, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MEEDS (for himself, Ms. ABZUG, Mr. BROWN of California, Mrs. COLLINS, of Illinois, Mr. CLAY, Mr. DE LUGO, Mr. DRINAN, Mr. GREEN, Mr. HANNAFORD, Mr. HARRINGTON, Mr. HARRIS, Mr. MAGUIRE, Mr. MIKVA, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. MOORHEAD of Pennsylvania, Mr. O'HARA, Mr. REES, Mr. REUSS, Mr. RIEGLE, Mr. ROSENTHAL, Mr. STUDDS, Mr. ULLMAN, Mr. VANIK, and Mr. WOLFF):

H.R. 5091. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mr. O'HARA:

H.R. 5092. A bill to improve the service which is provided to consumers in connection with escrow accounts on real estate mortgages, to prevent abuses of the escrow system, to require that interest be paid on escrow deposits, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. PEPPER:

H.R. 5093. A bill to amend section 355 of title 38, United States Code, relating to the authority of the Administrator of Veterans' Affairs to readjust the schedule of ratings for the disabilities of veterans; to the Committee on Veterans' Affairs.

H.R. 5094. A bill to amend section 333 of title 38, United States Code, to provide that veterans who serve 2 or more years in peacetime shall be entitled to a presumption that chronic diseases becoming manifest within 1 year from the date of separation from service are service connected; to the Committee on Veterans' Affairs.

H.R. 5095. A bill to amend section 620, title 38, United States Code, to authorize direct admission to community nursing homes at the expense of the U.S. Government; to the Committee on Veterans' Affairs.

H.R. 5096. A bill to amend title 38 of the United States Code to provide an annual clothing allowance to certain veterans who, because of a service-connected disability, wear a prosthetic appliance or appliances which tend to wear out or tear their clothing; to the Committee on Veterans' Affairs.

H.R. 5097. A bill to amend title 38 of the United States Code to provide that pensioners may be furnished necessary medical services in Veterans' Administration facilities; to the Committee on Veterans' Affairs.

H.R. 5098. A bill to amend title 38, United States Code, to increase the amount of veterans' benefits for burial and funeral expense allowance from the present $250 to $750; to the Committee on Veterans' Affairs.

H.R. 5099. A bill to increase the availability of guaranteed home loan financing for veterans and to increase the income of the national service life insurance fund; to the Committee on Veterans' Affairs.

H.R. 5100. A bill to provide for annual adjustments in monthly monetary benefits administered by the Veterans' Administration, according to changes in the Consumer Price Index; to the Committee on Veterans' Affairs.

H.R. 5101. A bill to provide that veterans be provided employment opportunities after discharge at certain minimum salary rates; to the Committee on Veterans' Affairs.

H.R. 5102. A bill to expand the authority of the Veterans' Administration to make direct loans to veterans where private capital is unavailable at the statutory interest rate; to the Committee on Veterans' Affairs.

H.R. 5103. A bill to amend title 38, United States Code, to increase the limitations with respect to direct loans to veterans from $21,000 to $25,000; to the Committee on Veterans' Affairs.

H.R. 5104. A bill to amend title 38, United States Code, to improve the business loan program for veterans; to the Committee on Veterans' Affairs.

H.R. 5105. A bill to amend title 38 of the United States Code to provide mustering-out payments for military service after August 5, 1964; to the Committee on Veterans' Affairs.

H.R. 5106. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5107. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5108. A bill to make available to veterans of the Vietnam war all benefits available to World War II and Korean conflict veterans; to the Committee on Veterans' Affairs.

H.R. 5109. A bill to amend title 38 of the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans; to the Committee on Veterans' Affairs.

H.R. 5110. A bill to amend title 38 of the United Sttaes Code so as to entitle veterans of the Mexican border period and of World War I and their widows and children to pension on the same basis as veterans of the Spanish-American War and their widows and children, respectively, and to increase pension rates; to the Committee on Veterans' Affairs.

H.R. 5111. A bill to amend title 38 of the United States Code to provide for a pension of $100 per month for unremarried widows of men awarded a Medal of Honor posthumously; to the Committee on Veterans' Affairs.

H.R. 5112. A bill to amend title 38, United States Code, to provide that remarriage of the widows of a veteran after age 60 shall not result in termination of dependency and indemnity compensation; to the Committee on Veterans' Affairs.

H.R. 5113. A bill to amend title 38, of the United States Code, in order to credit physicians and dentists with 20 or more years of service in the Veterans' Administration with certain service for retirement purposes; to the Committee on Veterans' Affairs.

H.R. 5114. A bill to provide equitable treatment of veterans enrolled in vocational education courses; to the Committee on Veterans' Affairs.

H.R. 5115. A bill to amend chapter 34 of title 38, United States Code, to provide additional educational benefits to Vietnam-era veterans; to the Committee on Veterans' Affairs.

H.R. 5116. A bill to amend title 38, United States Code, to authorize a treatment and rehabilitation program in the Veterans' Administration for servicemen, veterans, and ex-servicemen suffering from drug abuse or drug dependency; to the Committee on Veterans' Affairs.

H.R. 5117. A bill to amend title 38 of the United States Code to clarify the circumstances under which the Administrator of Veterans' Affairs may pay for care and treatment rendered to veterans by private hospitals in emergencies; to the Committee on Veterans' Affairs.

H.R. 5118. A bill to amend title 38 of the United States Code to permit veterans to determine how certain drugs and medicines will be supplied to them; to the Committee on Veterans' Affairs.

H.R. 5119. A bill to amend chapter 73 of title 38, United States Code, to make a career in the Department of Medicine and Surgery more attractive; to the Committee on Veterans' Affairs.

H.R. 5120. A bill to amend chapter 35 of title 38, United States Code, so as to provide educational assistance at secondary school level to eligible widows and wives, without charge to any period of entitlement the wife or widow may have pursuant to sections 1710 and 1711 of this chapter; to the Committee on Veterans' Affairs.

H.R. 5121. A bill to amend chapter 34 of title 38, United States Code, to authorize additional payments to eligible veterans to partially defray the cost of tuition; to the Committee on Veterans' Affairs.

H.R. 5122. A bill to amend chapter 34 of title 38, United States Code, to permit eligible veterans pursuing full-time programs of education to receive increased monthly educational assistance allowances and have their period of entitlement reduced proportionally; to the Committee on Veterans' Affairs.

H.R. 5123. A bill to amend chapter 34 of title 38, United States Code, to provide additional educational benefits to veterans who have served in the Indochina theater of operations during the Vietnam era; to the Committee on Veterans' Affairs.

By Mr. PICKLE (for himself, Mr. ECKHARDT, Mr. KRUEGER, Mr. GONZALEZ, Mr. HIGHTOWER, Mr. WRIGHT, Mr. CHARLES WILSON of Texas, Mr. TEAGUE, Mr. KAZEN, Mr. MILFORD, Mr. WHITE, Mr. POAGE, Mr. PATMAN, and Mr. BROOKS):

H.R. 5124. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mrs. SCHROEDER:

H.R. 5125. A bill to require the Director of the Office of Management and Budget to make recommendations to the President with respect to national observances, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. STRATTON (for himself, Mr. ASHLEY, Mr. BADILLO, Mr. BREAUX, Mr. BRODHEAD, Mr. BROWN of California, Mr. BUCHANAN, Mr. CARNEY, Mr. CONTE, Mr. CONYERS, Mr. COTTER, Mr. DOWNEY, Mr. DRINAN, Mr. DUNCAN of Tennessee, Mr. EDGAR, Mrs. FENWICK, Mr. FISH, Mr. HARRINGTON, Mr. HAWKINS, Mr. HECHLER of West Virginia, Mr. HELSTOSKI, and Mr. HENDERSON):

H.R. 5126. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STRATTON (for himself, Mr. HYDE, Mr. LAFALCE, Mr. LLOYD of California, Mr. MCEWEN, Mr. MCHUGH, Mr. MAZZOLI, Mr. MOTTL, Mr. O'BRIEN, Mr. OTTINGER, Mr. RICHMOND, Mr. RODINO, Mr. ROSENTHAL, Mr. SARBANES, Mrs. SCHROEDER, Mr. SOLARZ, Mr. STARK, Mrs. SULLIVAN, Mr. WALSH, Mr. WHITEHURST, Mr. YOUNG of Florida, and Mr. ZEFERETTI):

H.R. 5127. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Ms. ABZUG (for herself, Mr. STARK, Mr. STOKES, Mr. CHARLES WILSON of Texas, and Mr. WON PAT):

H.R. 5128. A bill to amend the Privacy Act of 1974; to the Committee on Government Operations.

By Ms. ABZUG (for herself, Mr. ADDABBO, Mr. BADILLO, Mr. BAUCUS, Mrs. BOGGS, Mrs. BURKE of California, Mr. CARR, Mr. DANIELSON, Mr. DELLUMS, Mr. DRINAN, Mr. EDGAR, Mr. FORD of Tennessee, Mr. HANNAFORD, Mr. HARRINGTON, Mr. KOCH, Mr. MAGUIRE, Mr. MELCHER, Mr. MIKVA, Mr. MITCHELL of Maryland, Mr. NIX, Mr. PATTISON of New York, Mr. RICHMOND, Mr. ROE, Mr. SOLARZ, and Mrs. SPELLMAN):

H.R. 5129. A bill to amend the Privacy Act of 1974; to the Committee on Government Operations.

By Mr. ANNUNZIO:

H.R. 5130. A bill to provide for the issuance of a special postage stamp in commemoration of the life and work of a man of science, Enrico Fermi; to the Committee on Post Office and Civil Service.

By Mr. ASHBROOK:

H.R. 5131. A bill to prevent the estate tax law from operating to encourage or to require the destruction of open lands and historic places, by amending the Internal Revenue Code of 1954 to provide that real property which is farmland, woodland, or open land and forms part of an estate may be valued, for estate tax purposes, at its value as farmland, woodland, or open land (rather than at its fair market value), and to provide that real property which is listed on the National Register of Historic Places may be valued, for estate tax purposes, at its value for its existing use, and to provide for the revocation of such lower evaluation and recapture of unpaid taxes with interest in appropriate circumstances; to the Committee on Ways and Means.

By Mr. DRINAN (for himself, Ms. ABZUG, Mrs. COLLINS of Illinois, Mr. DIGGS, Mr. EDGAR, Mr. HARRINGTON, Mr. HAWKINS, Mr. HELSTOSKI, Mr. ROSENTHAL, Mr. SOLARZ, Mr. STARK, and Mr. WAXMAN):

H.R. 5132. A bill to substantially reduce the personal dangers and fatalities caused by the criminal and violent behavior of those persons who lawlessly misuse firearms by restricting the availability of such firearms for law enforcement; military purposes; and for certain approved purposes including sporting and recreational uses; to the Committee on the Judiciary.

By Mr. DUNCAN of Tennessee for himself, Mr. WAGGONNER, Mrs. HOLT, Mr. ARCHER, Mr. DEVINE, Mr. STEIGER of Arizona, Mr. GOODLING, Mr. DICKINSON, Mr. ROUSSELOT, Mr. ROBERTS, Mr. TALCOTT, Mr. CRANE, Mr. SEBELIUS, Mr. SPENCE, Mr. BEARD of Tennessee, Mr. CONLAN, Mr. LAGOMARSINO, Mr. KINDNESS, Mr. BROYHILL, Mr. HUTCHINSON, and Mr. HANSEN):

H.R. 5133. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the AFDC program, and for other purposes; to the Committee on Ways and Means.

By Mr. DUNCAN of Tennessee for himself, Mr. VANDER JAGT, Mr. SATTERFIELD, Mr. BURGENER, Mr. MYERS of Indiana, Mr. DEL CLAWSON, Mr. SNYDER, Mr. COLLINS of Texas, Mr. TREEN, Mr. CHAPPELL, Mr. THONE, Mr. BAUMAN, Mr. LOTT, Mr. MARTIN, Mr. EDWARDS of Alabama, Mr. YOUNG of Florida, Mr. SHUSTER, Mr. HINSHAW, Mr. BURLESON of Texas, Mr. TAYLOR of Missouri, and Mr. REGULA):

H.R. 5134. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the AFDC program, and for other purposes; to the Committee on Ways and Means.

By Mr. DUNCAN of Tennessee for himself, Mr. MICHEL, Mr. BAFALIS, Mr. DAN DANIEL, Mr. GOLDWATER, Mr. ROBINSON, Mr. KASTEN, Mr. MOORHEAD of California, Mr. MILLER of Ohio, Mr. WHITE, Mr. SYMMS, Mr. KETCHUM, Mr. GRASSLEY, Mr. CLANCY, Mr. ARMSTRONG, Mr. KEMP, Mr. ESHLEMAN, Mr. DERWINSKI, Mr. HAGEDORN, Mr. KELLY, Mr. MONTGOMERY and Mr. LUJAN):

H.R. 5135. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the AFDC program, and for other purposes; to the Committee on Ways and Means.

By Mr. GUDE:

H.R. 5136. A bill to authorize the transfer of jurisdiction of certain lands in the National Park System located in Montgomery County, Md., and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 5137. A bill to authorize the transfer of jurisdiction of certain lands in the National Park System located in Montgomery County, Md., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HARRINGTON:

H.R. 5138. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. HARRINGTON (for himself and Mr. COHEN):

H.R. 5139. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mrs. HOLT (for herself, Mr. STEELMAN, Mr. MCDONALD of Georgia, and Mr. BAUMAN):

H.R. 5140. A bill to require that estimates of the average cost for each taxpaying family be included in all bills and resolutions of a public character introduced and reported in the Senate and the House of Representatives; to the Committee on Rules.

By Mr. LENT:

H.R. 5141. A bill to incorporate the United States Submarine Veterans of World War II; to the Committee on the Judiciary.

By Mr. LEVITAS:

H.R. 5142. A bill to repeal the Council on Wage and Price Stability Act; to the Committee on Banking, Currency and Housing.

By Mr. LITTON (for himself, Mr. CLAY, Mr. DENT, Mr. HANNAFORD, Mr. HAWKINS, Mr. JONES of Tennessee, Mr. LONG of Louisiana, Ms. MINK, Mr. RANDALL, Mr. SANTINI, Mr. SYMINGTON, and Mr. CHARLES H WILSON of California):

H.R. 5143. A bill to amend the Legislative Reorganization Act of 1970 to provide seminars to freshmen Members of the Congress, and for other purposes; to the Committee on House Administration.

By Mr. MCKINNEY:

H.R. 5144. A bill to decrease to 16 the minimum age at which a person may file on his own behalf a naturalization petition; to the Committee on the Judiciary.

By Mr. MACDONALD of Massachusetts:

H.R. 5145. A bill to amend the Social Security Act to provide for a minimum annual income (subject to subsequent increases to reflect the cost of living) of $3,850 in the case of elderly individuals and $5,200 in the case of elderly couples; to the Committee on Ways and Means.

By Mr. MELCHER (for himself, and Mrs. HECKLER of Massachusetts):

H.R. 5146. A bill to amend the Internal Revenue Code of 1954 to allow farmers to defer certain payments received for losses to crops caused by natural disasters until the taxable year in which the income from the crops would have been reported; to the Committee on Ways and Means.

By Mr. QUILLEN:

H.R. 5147. A bill to increase the appropriation authorization relating to the Andrew Johnson National Historic Site, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RAILSBACK:

H.R. 5148. A bill to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer education, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products; to the Committee on Agriculture.

By Mr. ROSENTHAL:

H.R. 5149. A bill to amend the Social Security Act to establish a new program of assured annual income benefits for the aged, the blind, and the disabled; to amend title II of such act to improve the computation of benefits and eligibility therefor, to provide for payment of widow's and widower's benefits in full at age 50 without regard to disability, to raise the earnings base, to eliminate the actuarial reduction and lower the age entitlement, to provide optional coverage for Federal employees, to eliminate the retirement test, and to increase the lump-sum death payment; to amend title XVIII of such act to reduce to 60 the age of entitlement to medicare benefits and liberalize coverage of the disabled without regard to age, to provide coverage for certain governmental employees, to include qualified prescription drugs, free annual physical examinations, flu shots, prosthetics, eye care, dental care, and hearing aids under the supplementary medical benefits program, and to eliminate monthly premiums under such program for those whose gross annual income is below $4,800; to establish a food allowance program for older Americans; and for other purposes; to the Committee on Ways and Means.

By Mr. ROSENTHAL (for himself, Ms. ABZUG, Mr. ADDABBO, Mr. BADILLO, Mr. BRADEMAS, Mr. BROWN of California, Ms. COLLINS of Illinois, Mr. CONYERS, Mr. DOMINICK V. DANIELS, Mr. DOWNEY, Mr. DRINAN, Mr. EDGAR, Mr. EDWARDS of California, Mr. FRASER, Mr. HARRINGTON, Mr. HECHLER of West Virginia, and Ms. HOLTZMAN):

H.R. 5150. A bill to require major corporations to file cost justifications of price increases made in connection with compliance with Federal regulatory requirements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSENTHAL (for himself, Mr. KOCH, Mr. LLOYD of California, Ms. MINK, Mr. MOORHEAD of Pennsylvania, Mr. NIX, Mr. OTTINGER, Mr. REES, Mr. RICHMOND, Mr. RODINO, Mr. ROYBAL, Ms. SCHROEDER, Mr. SOLARZ, Ms. SPELLMAN, Mr. UDALL, and Mr. YATRON):

H.R. 5151. A bill to require major corporations to file cost justifications of price increases made in connection with compliance with Federal regulatory requirements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mrs. SPELLMAN:

H.R. 5152. A bill to amend section 552 of title 5, United States Code, known as the Freedom of Information Act, to secure to employees of the Federal Government the right to disclose information which is required by law to be disclosed by agencies; to the Committee on Government Operations.

By Mr. BOB WILSON (for himself, Mr. AUCOIN, Mr. BLANCHARD, Mr. BURGENER, Mr. DEL CLAWSON, Mr. COUGHLIN, Mr. D'AMOURS, Mr. DOMINICK V. DANIELS, Mr. KEMP, Mr. LONG of Maryland, Mr. MCCOLLISTER, Mr. SARASIN, Mrs. SPELLMAN, Mr. STEELMAN, Mr. WAGGONNER, and Mr. YOUNG of Florida):

H.R. 5153. A bill to prohibit any change in the status of any member of the uniformed services who is in a missing status under chapter 10 of title 37, United States Code, until the provision of the Paris Peace Accord of January 27, 1973, have been fully complied with, and for other purposes; to the Committee on Armed Services.

By Mr. BURKE of Florida:

H.J. Res. 330. Joint resolution to retain May 30 as Memorial Day; to the Committee on Post Office and Civil Service.

H.J. Res. 331. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. GUYER:

H.J. Res. 332. Joint resolution proposing an amendment to the Constitution of the United States relating to prayer and religious instructions in public schools and other facilities; to the Committee on the Judiciary.

By Mr. BRADEMAS (for himself, Mr. O'NEILL, Mr. BURKE of Massachusetts, Mr. AUCOIN, Mr. WOLFF, Mr. TAYLOR of North Carolina, Mr. HAWKINS, and Mr. LEHMAN):

H. Con. Res. 185. Concurrent resolution expressing the sense of the Congress that no legislation imposing a ceiling on social security cost-of-living benefit increases be enacted; to the Committee on Ways and Means.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. ARMSTRONG, Mr. DOWNEY, Mr. EDGAR, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FREY, Mr. GIBBONS, Mr. GILMAN, Mr. HASTINGS, Mr. HYDE, Mr. LAGOMARSINO, Mr. LUJAN, Mr. MAGUIRE, Mr. MOORHEAD of California, Mr. O'BRIEN Mr. PEYSER, Ms. SCHROEDER, Mr. SEBELIUS, Mr. SOLARZ, Mr. STARK, and Mr. STEIGER of Wisconsin):

H. Res. 317. Resolution authorizing and directing the Speaker of the House of Representatives to take immediate action to implement a plan for the audio and video broadcasting of House floor proceedings; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself and Ms. ABZUG):

H. Res. 318. Resolution authorizing and directing the Speaker of the House of Representatives to take immediate action to implement a plan for the audio and video broadcasting of House floor proceedings; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. ARCHER, Mr. ARMSTRONG, Mr. BUCHANAN, Mr. CARTER, Mr. DEVINE, Mr. DICKINSON, Mr. EDGAR, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FISH, Mr. FREY, Mr. GILMAN, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN and Mr. MCDONALD of Georgia):

H. Res. 319. Resolution to amend rule VIII of the Rules of the House of Representatives to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes and to permit any Member so bound to raise a point of order; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. MOORHEAD of California, Mr. O'BRIEN, Mr. PEYSER, Ms. SCHROEDER, Mr. SCHULZE, Mr. SEBELIUS, and Mr. STEIGER of Wisconsin):

H. Res. 320. Resolution to amend rule VIII of the Rules of the House of Representatives to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes, and to permit any Member so bound to raise a point of order; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. BUCHANAN, Mr. CARTER, Mr. EDGAR, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FISH, Mr. FREY, Mr. GIBBONS, Mr. GILMAN, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN, Mr. MAGUIRE, Mr. MIKVA, Mr. MOORHEAD of California, and Mr. O'BRIEN):

H. Res. 321. Resolution to amend rule XI of the Rules of the House of Representatives to require that the record of committee action be made available for public inspection,

with certain exceptions; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. PEYSER, Ms. SCHROEDER, Mr. SCHULZE, Mr. SEBELIUS, Mr. SOLARZ, Mr. STARK, Mr. STEIGER of Wisconsin, and Ms. ABZUG):

H. Res. 322. Resolution to amend rule XI of the Rules of the House of Representatives to require that the record of committee action be made available for public inspection, with certain exceptions; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. ARCHER, Mr. ARMSTRONG, Mr. BUCHANAN, Mr. CARTER, Mr. DEVINE, Mr. DICKINSON, Mr. EDGAR, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FISH, Mr. FREY, Mr. GILMAN, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN, and Mr. MILLER of Ohio):

H. Res. 323. Resolution to amend rule XI of the Rules of the House of Representatives to eliminate proxy voting in committees; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. MOORHEAD of California, Mr. O'BRIEN, Mr. SCHULZE, Mr. SEBELIUS, Mr. SIMON, and Mr. STEIGER of Wisconsin):

H. Res. 324. Resolution to amend rule XI of the Rules of the House of Representatives to eliminate proxy voting in committees; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. ARMSTRONG, Mr. BUCHANAN, Mr. EDGAR, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FREY, Mr. GIBBONS, Mr. GILMAN, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN, Mr. MAGUIRE, Mr. MATSUNAGA, Mr. MIKVA, Mr. MILLER of Ohio, and Mr. MOORHEAD of California):

H. Res. 325. Resolution to amend rule XI of the Rules of the House of Representatives to require that all committee meetings, with only limited exceptions, shall be open to the public; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. O'BRIEN, Mr. PEYSER, Ms. SCHROEDER, Mr. SCHULZE, Mr. SEBELIUS, Mr. SOLARZ, Mr. STARK, Mr. STEIGER of Wisconsin, and Ms. ABZUG):

H. Res. 326. Resolution to amend rule XI of the Rules of the House of Representatives to require that all committee meetings, with only limited exceptions, shall be open to the public; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. DEVINE, Mr. DICKINSON, Mr. EDGAR, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FREY, Mr. GILMAN, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN, Mr. MOORHEAD of California, Mr. O'BRIEN, Mr. PEYSER, Ms. SCHROEDER, Mr. SCHULZE, and Mr. SEBELIUS):

H. Res. 327. Resolution to amend rule XI of the Rules of the House of Representatives to provide that any member in committee may demand a rollcall vote on any matter, and that a rollcall vote shall be required on any motion to report a bill or resolution from committee; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. SOLARZ, Mr. STEIGER of Wisconsin, and Ms. ABZUG):

H. Res. 328. Resolution to amend rule XI of the Rules of the House of Representatives to provide than any member in committee may demand a rollcall vote on any matter, and that a rollcall vote shall be required on any motion to report a bill or resolution from committee; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. ARCHER, Mr. ARMSTRONG, Mr. BUCHANAN, Mr. CARTER, Mr. DEVINE, Mr. DICKINSON, Mr. ERLENBORN, Mr. ESCH, Mr. ESHLEMAN, Mr. FREY, Mr. GILMAN, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. KELLY, Mr. LAGOMARSINO, Mr. LUJAN, Mr. McDONALD of Georgia, Mr. MILLER of Ohio, Mr. MOORHEAD of California):

H. Res. 329. Resolution to amend rule XXVII of the Rules of the House of Representatives to prescribe procedures whereby a committee may request that a matter reported should be considered under a suspension of the rules; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. O'BRIEN, Ms. SCHROEDER, Mr. SCHULZE, Mr. SEBELIUS, and Mr. STEIGER of Wisconsin):

H. Res. 330. Resolution to amend rule XXVII of the Rules of the House of Representatives to prescribe procedures whereby a committee may request that a matter reported should be considered under a suspension of the rules; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. ABDNOR, Mr. ANDREWS of North Dakota, Mr. ARMSTRONG, Mr. DEVINE, Mr. ERLENBORN, Mr. ESHLEMAN, Mr. FISH, Mr. FREY, Mr. GIBBONS, Mr. GILMAN, Mr. GRASSLEY, Mr. HASTINGS, Mr. HINSHAW, Mr. HYDE, Mr. KASTEN, Mr. LAGOMARSINO, Mr. LOTT, Mr. LUJAN, Mr. MAGUIRE, Mr. MATSUNAGA, Mr. MILLER of Ohio, Mr. MOORHEAD of California, Mr. O'BRIEN, and Mr. PEYSER):

H. Res. 331. Resolution to amend rule XXVIII of the Rules of the House of Representatives to require that all House-Senate conferences shall be open to the public and that no conference report shall be in order for consideration unless all conference sessions were open; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Ms. SCHROEDER, Mr. SCHULZE, Mr. SEBELIUS, Mr. SOLARZ, Mr. STARK, Mr. KELLY, and Ms. ABZUG):

H. Res. 332. Resolution to amend rule XXVIII of the Rules of the House of Representatives to require that all House-Senate conferences shall be open to the public and that no conference report shall be in order for consideration unless all conference sessions were open; to the Committee on Rules.

By Mr. HUGHES (for himself, Mr. EDGAR, Mr. FORD of Tennessee, Mr. GAYDOS, Mr. MITCHELL of New York, Mr. MOTTL, Mr. OTTINGER, Mr. REES, Mr. RICHMOND, Mr. RODINO, Mr. SOLARZ, and Mrs. SPELLMAN):

H. Res. 333. Resolution to create a select committee to make investigations and studies relating to natural gas and petroleum reserves; to the Committee on Rules.

By Mr. LITTON (for himself, Mr. OTTINGER, Mr. PEYSER, Mr. MANN, Mr. DIGGS, Mr. KOCH, Mr. BROWN of California, Mr. BALDUS, Mr. HICKS, and Mr. RODINO):

H. Res. 334. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agriculture research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

By Mr. MONTGOMERY (for himself, Ms. ABZUG, Mr. ADDABBO, Mr. ARCHER, Mr. BEARD of Tennessee, Mr. DEVINE, Mr. DERRICK, Mr. DICKINSON, Mr. FISH, Mr. FLYNT, Mr. FRASER, Mr. FRENZEL, Mr. GILMAN, Ms. HOLT, Mr. JONES of Oklahoma, Mr. KEMP, Mr. LAGOMARSINO, Mr. MURTHA, Mr. MYERS of Indiana, Mr. NOLAN, Mr. SPENCE, Mr. STEIGER of Arizona, Mr. SYMMS, Mr. WOLFF, and Mr. ZEFERETTI):

H. Res. 335. Resolution establishing a select committee to study the problem of U.S. servicemen missing in action in Southeast Asia; to the Committee on Rules.

By Mr. MONTGOMERY (for himself, Mr. KETCHUM, Mr. CRANE, Mr. BOB WILSON, Mr. COCHRAN, and Mr. ROSE):

H. Res. 336. Resolution establishing a select committee to study the problem of U.S. servicemen missing in action in Southeast Asia; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

57. By the SPEAKER: Memorial of the Senate of the State of Washington, relative to Americans missing in action in Southeast Asia; to the Committee on Armed Services.

58. Also, memorial of the Legislature of the State of California, relative to the definition of tax effort under the State and Local Assistance Act of 1972; to the Committee on Government Operations.

59. Also, memorial of the Legislature of the Commonwealth of Virginia, relative to automobile emission standards; to the Committee on Interstate and Foreign Commerce.

60. Also, memorial of the Legislature of the Commonwealth of Massachusetts, relative to observing Veterans Day on November 11; to the Committee on Post Office and Civil Service.

61. Also, memorial of the House of Representatives of the Commonwealth of Puerto Rico, relative to air service to Puerto Rico; to the Committee on Public Works and Transportation.

62. Also, memorial of the Legislature of the Commonwealth of Massachusetts, relative to extending medicare coverage to include the costs of eyeglasses, dentures, hearing aids, and prescription drugs; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HANNAFORD:

H.R. 5154. A bill for the relief of Peter J. Montagnoli; to the Committee on the Judiciary.

By Mrs. HOLT:

H.R. 5155. A bill for the relief of Charles Hammond, Jr.; to the Committee on Merchant Marine and Fisheries.

By Mr. BOB WILSON:

H.R. 5156. A bill for the relief of Peter P. Toma; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

62. By the SPEAKER: Petition of the East Bay Municipal District Employees Union, El Cerrito, Calif., relative to assistance to Cambodia and Vietnam; to the Committee on Foreign Affairs.

63. Also, petition of QED, La Jolla, Calif., relative to the Panama Canal; to the Committee on Foreign Affairs.

64. Also, petition of the Ozark Society, Little Rock, Ark., relative to including the Mulberry River in the National Wild and Scenic Rivers System; to the Committee on Interior and Insular Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4296

By Mr. D'AMOURS:

Page 3, strike out lines 4 through 16 and insert:

"Notwithstanding the foregoing provisions of this section, effective for the period beginning with the date of enactment, the present support price of 80 per centum shall be adjusted thereafter by the Secretary at the beginning of each quarter, beginning with the second quarter of the calendar year of 1975, to reflect any change during the immediately preceding quarter in the index of prices paid by farmers for production items, interest, taxes, and wage rates. Such support prices shall be announced by the Secretary within 30 days prior to the beginning of each quarter.".

By Mr. RICHMOND:

Page 2, line 12, delete the language of lines 12, 13, 14, and 15 in its entirety.

Page 3, line 8, strike the figure "85 per centum", and insert in lieu thereof the figure "80 per centum".

Page 3, line 16, add a new section to read as follows:

"SEC. 3. No payment authorized under this Act shall be made to any producer or cooperator when it is disclosed that such producer or cooperator has assets in excess of $3,000,000 in nonfarmling interests."

SENATE—*Tuesday, March 18, 1975*

(Legislative day of Wednesday, March 12, 1975)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by Hon. DALE BUMPERS, a Senator from the State of Arkansas.

PRAYER

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

O God, who of old didst guide our fathers through the perils of pioneer days, make us pioneers of the spirit in the testing times of our age. Grant us clear minds, dauntless courage, and persevering faith. Make us workmen who have no need to be ashamed. In our response to the Nation's needs keep us wise and tender and strong. In our dealings with each other invest us with the courteous and kindly spirit. In our dealings with ourselves, keep us honest. Show us every moment that in Thee we live and move and have our being.

We pray in His name who taught us the way of the servant. 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., March 18, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. DALE BUMPERS, a Senator from the State of Arkansas, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Monday, March 17, 1975, be approved.

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

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

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

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded and that I be recognized for 3 minutes.

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

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 11 a.m., with statements therein limited to 5 minutes.

The Senator from Kentucky is recognized for up to 5 minutes.

Mr. FORD. I thank the Chair.

THE CAMBODIAN ASSISTANCE BILL

Mr. FORD. Mr. President, the Cambodian assistance bill, ordered reported, provides for additional military assistance authorizations for Cambodia for fiscal year 1975.

I plan to introduce an amendment to that bill which would eliminate all military assistance to Cambodia, in any form, and would be effective immediately upon passage of the act. My amendment would not cut off any humanitarian aid that might be necessary and favorably considered.

Mr. President, not only is this amendment intended to stop U.S. assistance for war purposes, but it is also designed to prevent a White House end run whereby some form of military support could be sent to Cambodia. In other words, there should be no way for the Executive to circumvent the intention of this amendment.

Military assistance would include cash, credit, guaranty, lease, gift, or otherwise. No license may be issued on or after such date for the transportation of arms, ammunitions, or implements of war, including technical data. In addition, any license issued prior to the date of enactment of this act, and not used as of such date, would also be invalid.

I believe that it is time for us to stop supporting the war activities in Indochina. Surely we have learned our lesson by now. This country cannot keep pouring hundreds of millions of dollars down the drain in civil wars, especially at a time when we ought to be doing more for our own people in America. I am amazed at those who say, "Well, let us dump a few hundred million dollars more as a last gesture to indicate our good faith support, even though such support will not determine the war's outcome."

Mr. President, here is a chance for the Senate to say once and for all—stop.

I read the news this morning and I watched the news, and I saw the U.S. Embassy in Cambodia not only removing all of its personnel but also burning our papers. If we pass the amendment to send funds to Cambodia I wonder which regime we will be sending them to.

Mr. President, I hope that we will receive a great deal of support for this amendment when this bill comes before the Senate. It is my understanding that the bill would be S. 663, but it could take another number. So my intent is to lay this proposal on the table and to amend whatever bill comes from the committee, by whatever number it might have.

ORDER FOR STAR PRINT—S. 510

Mr. MANSFIELD. Mr. President, on March 11, 1975, the Senator from Massachusetts (Mr. KENNEDY), filed a report on S. 510, the Medical Device Amendments of 1975. Upon reviewing this report, he has found that it contains a number of technical and clerical errors.

On behalf of the Senator from Massachusetts (Mr. KENNEDY), I therefore ask

unanimous consent that the report be star printed.

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

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

ORDER OF BUSINESS

Mr. STENNIS. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. STENNIS. For how much time could I be recognized, Mr. President?

The ACTING PRESIDENT pro tempore. For not to exceed 5 minutes.

Mr. STENNIS. I thank the Chair.

THE VOTING RIGHTS ACT

Mr. STENNIS. Mr. President, in passing the Voting Rights Act of 1965, Congress enacted highly unusual and regional legislation which invades the rights of certain States to establish voter qualifications and otherwise to conduct their elections without massive and dictatorial interference from Washington.

These States are Alabama, Georgia, Louisiana, Mississippi, South Carolina, and Virginia and 39—originally 40—counties in North Carolina. They were divested of their power to control their own elections by section 4(a) of the act which suspends all tests and devices as conditions for voter registration in political subdivisions which fell under the triggering criteria of section 4(b), which interdicted any State or political subdivision of a State which had any such test or device on November 1, 1964, and either had less than 50 percent of age-eligible people living there registered to vote on that date or in which less than 50 percent of such persons voted in the Presidential election of November 1964. The State of Alaska was also originally covered, but was subsequently exempted under the "bail-out" suit provisions of section 4(a).

A good case can be made that the act was deliberately designed as a punitive measure directed primarily against the South for its alleged past transgressions in the field of voting rights, and that the triggering criteria was specifically aimed at the seven Southern States involved. Whether deliberate or not, it affected these States primarily, although it should be noted, as a historical footnote, that counties in Arizona, Idaho, and Hawaii were also entrapped. The Arizona and Idaho counties sued for and were granted exemptions.

It is important to note that section 4(a) of the orginal law permitted any State or political subdivision to which the triggering provisions applied to come out from under the law if the U.S. District Court for the District of Columbia found in an action for a declaratory judgment that it had not used any test or device in order to deny the right to vote on account of race or color during the previous 5 years. As mentioned previously, some political subdivisions were exempted under this clause. Under the 1965 law, as originally enacted, other jurisdictions, including the seven Southern States could have brought actions to be exempted beginning in August 1970, provided, of course, that they had not used a proscribed test or device within 5 years.

However, the extreme civil rightists were not satisfied. From them came the hue and cry in 1970 that the 1965 act was about to "expire" and would have to be "extended." Since the 1965 act is permanent legislation with no fixed expiration date, the use of these terms was erroneous, and probably misleading. I shall hereinafter develop this point.

In any event, the Voting Rights Act Amendments of 1970 was enacted in that year. As related directly to the matters which I am now discussing, this act did two things.

First, it extended from 5 to 10 years the time within which political subdivisions covered by the triggering provisions of section 4(b) would have to wait before applying to the court for exemption from section 4(a). In other words, the States involved would have to wait 10—rather than 5—years after discontinuing the use of a literacy test or device before they might seek removal of the sanctions against them. Apparently, it was felt that the original punishment was insufficient to fit the crime so it was simply doubled without rhyme or reason.

Second, the triggering criteria of section 4(b) were extended to States and political subdivisions which had literacy tests on November 1, 1968, and in which less than 50 percent of the age-eligibles were registered or voted in the 1968 Presidential election. The new triggering formula trapped a few additional political subdivisions, including three boroughs in New York, one county in Wyoming, two counties in California, several counties in Arizona, and about 40 New England towns. Despite this, it is clear that the burden of the act falls primarily on the South.

In addition, the 1970 law imposed a nationwide ban on literacy tests until August 6, 1975.

Thus, as the law now stands, States and political subdivisions covered by section 4(b) in 1965, which will not have used literacy tests or other devices for the previous 10 years, are eligible to apply to the U.S. Court for the District of Columbia for release from the act under section 4(b) after August 6, 1975.

However, there are those who still feel that the South has not been sufficiently punished. Again we hear the cry that the act will "expire" and must be "extended." Let me say that, to the contrary, no section of the act will "expire" and no provision is proposed to be "extended" except the nationwide prohibition against literacy tests or devices.

However, there are bills now being considered by the Subcommittee on Civil and Constitutional Rights of the House Committee on Judiciary which purportedly would "extend" the act. I will discuss two of these bills, one by Chairman RODINO and one by Mr. HUTCHINSON, which I understand is the administration's bill.

The bills are fairly similar. The Rodino bill would make permanent the nationwide ban on literacy tests in States and political subdivisions which otherwise, under section 201 of the 1970 act would expire on August 6, 1975. The Hutchinson bill would extend the ban for 5 more years. I will not discuss this further at this time because, although there is a sound constitutional basis for objecting to Federal usurpation of the field of voter qualifications of the various States, if it is to be applied to one, it should be applied to all. This is, at least, an even-handed distribution of justice or injustice, depending on your point of view.

Now we come to the so-called extension of the act. This is, at best, a misnomer or misconception, and, at worst, a deception. Except for the ban on literacy tests, the only thing that either the Rodino or the Hutchinson bill extends is the punishment and period of servitude for those put under Federal bondage by the 1965 and 1970 acts. The Rodino bill extends it for a period of 10 additional years and the Hutchinson bill for an additional 5 years. Nothing except the punishment is extended; nothing will expire. All that is done is to defer the time for either 5 or 10 years after August 6, 1975, when one of the States now being punished by the act can go to the U.S. District Court for the District of Columbia and apply to be permitted to resume its rights as a sovereign State.

Let me make the situation crystal clear. Under the Rodino bill, if it should become law, a covered State which, on August 6, 1975, had been pure as the driven snow as far as voting discrimination was concerned, for 10 years would not even be able to apply to the court to come out from under the act for 10 more years. Under the Hutchinson bill, if enacted, such covered States which had had a spotless record of nondiscrimination in the voting rights field for 10 years would still have to wait 5 years before applying to the court for exemption from the act. This is not American; it is not fair; it is not equitable; and it is not conscionable.

I hope you will understand this clearly when and if a bill comes over and you are told that all it does is to extend the act, because this is completely misleading. What it really does is to say to the seven States involved that 10 years' punishment is not enough and that they are to be kept in a position of continuing servitude for an additional 5 or 10 years. Here is one crux of the matter: This is to be done without any evaluation as to how the States performed during the period they have had the heavy heel of the Federal boot on their necks. Even convicted felons are entitled to parole after prescribed periods of good behavior. Are sovereign States, no matter what their per-

formance has been, going to be deprived of their basic rights forever?

The fact that the basic purpose of the Rodino and Hutchinson bills is to extend, not the act, but the period of punishment for the Southern States is made clear by the fact that there are no new triggering criteria in these bills.

The ACTING PRESIDENT pro tempore. The Senator's 5 minutes have expired.

Mr. WILLIAM L. SCOTT. Mr. President, if I might be recognized, I yield to the Senator from Mississippi.

Mr. STENNIS. I certainly thank the Senator from Virginia. I thank him very much.

I am not infringing on the time of the Senate with reference to the pending bill.

In other words, they will not catch any additional sinners or operate against any political subdivision which might have denied voting rights in 1970, 1972, and 1974.

I want these bills and their impact on voting rights to be fully understood. We in the South are asking that old wounds and grievances be forgotten; that vindictiveness be laid aside; and that, now and in the future, the Southern States be treated with justice, respect, and common decency. We have the right to demand no more; but we have the equal right to expect no less.

The substance of what I am pleading for here now is that we be allowed to stand on the merits of the facts—facts that will have to be proven in open court under oath, and proven in the Federal court here in the District of Columbia.

I am not asking that we transfer any jurisdiction, or anything of that kind. I am merely asking that these States and these parts of States affected be given the right, not the privilege but the right, of coming into court and proving their case.

I am not going to discuss the merits of the voting rights law in any detail at this time. I believe it should be repealed. I believe it is a monstrosity which should never have been passed. It is unfair and discriminatory.

Many people living far beyond the confines of these States, when having this matter explained to them, have wholeheartedly agreed with that position.

There are important constitutional principles involved in that, by means of this act, the Federal Government has taken from these seven sovereign States their constitutional right to establish voter qualifications as specified in article I, section 2, and the 17th amendment. While I realize that the Supreme Court upheld the law, in general, I think that, at the most, the applicable provisions of the Constitution dictate that such harsh measures should continue in effect no longer than necessary to remove the discrimination.

I hope to have the opportunity to read to you at the proper time the compelling logic of Mr. Justice Black in his masterful dissent in the case of *South Carolina v. Katzenback*, 383 U.S. 301.

I want to add, Mr. President, that if a voting rights bill is sent to the floor this session, I shall propose a number of amendments to it. First, I believe that, if we are to have such a law, it should be applicable nationwide and not just to seven States chosen on the basis of arbitrary criteria designed to insure their inclusion. Second, I believe we should repeal the veto power over State laws now vested in the Attorney General.

Mr. President, the extent to which this law goes is unthinkable; a law passed in the hot fire and crossfire of 1965. Here in the year of 1975, the proponents of this amendment are proposing that these States, after 10 years, regardless of what has happened within these States, not even be permitted to come into court, a thousand miles from their home it is true, under those conditions, and prove what the facts are.

I think it is shocking, Mr. President, and I hope that it will not be the judgment of this body that we want such a result after being informed of the facts.

Third, I believe that we should open the doors of the southern Federal courthouses that were locked in 1965 as far as the voting law is concerned. There may be others.

Mr. President, I want to say again that I hope no one will be deluded into believing that either the Rodino or the Hutchinson bill either extends or improves the voting rights act.

I mean no disrespect to these valued Members of Congress, Representatives RODINO and HUTCHINSON and make no reference to them except a favorable one. They are among our best men. I appreciate each of them. But I am talking about the principle involved in these bills.

Aside from making the literacy test ban permanent, they do but one thing—extend the time for which Southern States are to be punished for the alleged sins of the past.

This punishment consists primarily of this ban depriving them of the right to come in before an impartial tribunal and present the facts that they have developed in the past 10 years.

This comes very close to being either a bill of attainder or an ex post facto law. At the least, it is unfair, discriminatory, harsh and entirely unjustified by any facts or logic.

A very fundamental point is that the States now covered by the law will not automatically come out from under it if no new law is enacted. All they would have would be the right to petition the U. S. District Court for the District of Columbia to be exempted. I assume and believe that the case would be tried on its merits. If a bill does come before the Senate, the issue will be presented to this body by the offering of an amendment—and having it debated, considered and voted upon—making this law applicable throughout the 50 States.

Even when a State petitions the U.S. District Court for the District of Columbia and is allowed to come out from under the Voting Rights Act, the State is still, in effect, on probation since the court retains jurisdiction over the State and the Attorney General can come in within 5 years and show that the State has adopted some voting law which infringes on the rights of the minority and have the State brought back under the act.

Another point is that there is no standard set by Congress which gives the District Court in Washington any real critera to be used for judging whether or not a State should be allowed to come out from under the law. Although the judgment of the Court is subject to appeal, the district courts have great discretion. Congress should, at the very least, prescribe some criteria for use by the judges in determining whether or not a State is entitled to be exempted from the act.

To sum up, Mr. President, it should be clear that the bills which would "extend" or "renew" the Voting Rights Act merely deny the affected States the right to have a judicial review of the question of whether they have in fact ended all past discriminatory practices and have acted properly for at least 10 years. It extends their "jail sentences" without a finding that they have committed any additional offense. If this were a criminal matter, the bills would be ex post facto in nature, and if it dealt with individuals and criminal law they would be bills of pains and penalties.

Should a measure of this nature come to the Senate, which I trust will not happen, I shall oppose it with vigor and shall certainly offer amendments.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Heiting, one of his secretaries.

REPORTS ON AWARDS OF THE SECRETARY OF DEFENSE AND THE SECRETARY OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. BUMPERS) laid before the Senate a message from the President of the United States transmitting reports of the Secretary of Defense and the Secretary of Transportation on awards made during the fiscal year 1974 to members of the Armed Forces for suggestions and scientific achievements, which, with the accompanying reports, was referred to the Committee on Armed Forces. The message is as follows:

To the Congress of the United States:

Forwarded herewith in accordance with the provisions of 10 U.S.C. 1124 are reports of the Secretary of Defense and the Secretary of Transportation on awards made during Fiscal Year 1974 to members of the Armed Forces for suggestions, inventions and scientific achievements.

Participation by military personnel in the cash awards program was authorized by the Congress in 1965. More than 1.6 million suggestions submitted since that time attest to the success which the program has had as a means of motivating military men and women to seek ways of reducing costs and improving efficiency. Of those suggestions submitted, more than 255,000 have been adopted with resultant tangible first year benefits in excess of $799,000,000.

Of the nearly 146,009 suggestions which were submitted by military per-

sonnel during Fiscal Year 1974, 19,810 were adopted. Cash awards totaling $1,358,818 were paid for these adopted suggestions, based not only on the tangible first-year benefits of $71,461,841 which were realized therefrom, but also on many additional benefits and improvements of an intangible nature. Enlisted personnel received $1,103,693 in awards which represent 82 percent of the total cash awards paid. The remaining 18 percent was received by officer personnel and amounted to $255,125.

Attached are reports of the Secretary of Defense and the Secretary of Transportation containing statistical information on the military awards program and brief descriptions of some of the more noteworthy contributions during Fiscal Year 1974.

GERALD R. FORD.

THE WHITE HOUSE, *March 8, 1975.*

MESSAGE FROM THE HOUSE

At 12:18 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the concurrent resolution (H. Con. Res. 133) to lower interest rates; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. REUSS, Mr. PATMAN, Mr. MINISH, Mr. FORD of Tennessee, Mr. HANNAFORD, Mr. NEAL, Mr. BLANCHARD, Mr. BARRETT, Mr. JOHNSON of Pennsylvania, Mr. CONLAN, Mr. HANSEN, and Mr. GRADISON were appointed managers of the conference on the part of the House.

The message also announced that the House has agreed to House Resolution 311 electing Mr. HAYS of Ohio; Mr. BRADEMAS of Indiana; and Mr. DICKINSON of Alabama members of the Joint Committee on Printing; and Mr. HAYS of Ohio, Mr. NEDZI of Michigan, Mr. BRADEMAS of Indiana, Mr. DEVINE of Ohio, and Mr. MOORE of Louisiana members of the Joint Committee on the Library.

At 2:05 p.m., a message from the House of Representatives by Mr. Berry announced that the House has passed the joint resolution (H. J. Res. 258) to designate March 21, 1975, as "Earth Day," in which it requests the concurrence of the Senate.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

STATUS OF BUDGETARY AUTHORITY

A letter from the Director, Office of Management and Budget, Executive Office of the President, relative to the status of budget authority proposed to be rescinded, pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations, the Committee on the Budget, the Committee on Government Operations, the Committee on Agriculture and Forestry, the Committee on Commerce, the Committee on Armed Services, the Committee on Labor and Public Welfare, the Committee on the Judiciary, the Committee on Foreign Relations, the Committee on Finance, the Committee on Public Works, and the Committee on Banking, Housing and Urban Affairs, jointly pursuant to the order of January 30, 1975.

JURISDICTION OF MILITARY AND NATIONAL FOREST LANDS

A letter from the Secretary of Agriculture and the Secretary of the Army, transmitting, pursuant to law, notice of the intention of the Department of the Army and the Department of Agriculture to interchange jurisdiction of military and National Forest lands (with accompanying papers); to the Committee on Agriculture and Forestry.

REPORT ON ROTC FLIGHT INSTRUCTION PROGRAM

A letter from the Secretary of the Navy, transmitting, pursuant to law, a report to the Congress on the progress of the ROTC Flight Training Program (with an accompanying report); to the Committee on Armed Services.

CONSTRUCTION PROJECTS PROPOSED FOR THE NAVAL AND MARINE CORPS RESERVE

A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report of seven construction projects proposed to be undertaken for the Naval and Marine Corps Reserve (with an accompanying report); to the Committee on Armed Servcies.

PROPOSED LEGISLATION TO AUTHORIZE CERTAIN CONSTRUCTION AT MILITARY INSTALLATIONS

A letter from the Secretary of Defense, transmitting a draft of proposed legislation to authorize certain construction at military installations and for other purposes (with accompanying papers); to the Committee on Armed Services.

CONSTRUCTION PROJECTS PROPOSED FOR THE ARMY RESERVE

A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report on thirteen construction projects proposed to be undertaken for the Army Reserve (with an accompanying report); to the Committee on Armed Services.

REPORT OF INDEPENDENT RESEARCH AND DEVELOPMENT AND BID PROPOSAL COSTS

A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a report on independent research and development (R&D) and bid and proposal (B&P) costs incurred by major defense contractors in the years 1973 and 1974, prepared by the Defense Contract Audit Agency, March 1975 (with an accompanying report); to the Committee on Armed Services.

SUMMARY OF INDEPENDENT RESEARCH AND DEVELOPMENT AND BID AND PROPOSAL COSTS

A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a summary of independent research and development (R&D) and bid and proposal (B&P) costs incurred by major defense contractors in the years 1973 and 1974, prepared by the Defense Contract Audit Agency, March 1975 (with an accompanying summary); to the Committee on Armed Services.

REPORT ON EXPORT ADMINISTRATION

A letter from the Secretary of Commerce, transmitting, pursuant to law, a quarterly report on export administration (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

PROPOSED LEGISLATION TO AUTHORIZE APPROPRIATIONS FOR THE COAST GUARD

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alterations, to authorize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes (with accompanying papers); to the Committee on Commerce.

ACT OF THE DISTRICT OF COLUMBIA TO MODIFY THE VENDING REGULATIONS IN REGARD TO ICE CREAM VENDORS

A letter from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, an act of the District of Columbia to modify the vending regulations in regard to ice cream vendors (with accompanying papers); to the Committee on the District of Columbia.

ACTS OF THE DISTRICT OF COLUMBIA ESTABLISHING RATES OF PAY AND TO AMEND THE DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION ACT

A letter from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, two acts adopted by the City Council and signed by the Mayor establishing a rate of pay for Zoning Commission and Board of Zoning Adjustment Members and amending the District of Columbia Unemployment Compensation Act (with accompanying papers); to the Committee on the District of Columbia.

REPORT OF THE ADVISORY COUNCIL OF SOCIAL SECURITY

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report of the Advisory Council on Social Security (with an accompanying report); to the Committee on Finance.

INTERNATIONAL AGREEMENTS ENTERED INTO BY THE UNITED STATES

A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, international agreements other than treaties entered into by the United States within sixty days after the execution thereof (with accompanying papers); to the Committee on Foreign Relations.

REPORT OF DISPOSAL OF FOREIGN EXCESS PROPERTY

A letter from the Secretary of Transportation, transmitting, pursuant to law, a report of disposal of foreign excess property for the Department of Transportation (with an accompanying report); to the Committee on Government Operations.

MONTHLY LIST OF GAO REPORTS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a list of reports of the General Accounting Office for March 1975 (with an accompanying document); to the Committee on Government Operations.

REPORTS OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on the procedures for computing objectives for and the management of the strategic and critical materials stockpile by the General Services Administration (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on how to improve administration of the Federal Employees' Compensation Benefits Program, Department of Labor (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a confidential report on Readiness of Navy Air and Surface Units For Antisubmarine Warfare (with an accompanying confidential report); to the Committee on Government Operations.

MENOMINEE INDIAN TRUST AND MANAGEMENT AGREEMENT

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, implementing documents 6, 6A and 19 pursuant to the plan negotiated in accordance with

section 6 of the Menominee Restoration Act (with accompanying documents); to the Committee on Interior and Insular Affairs.

REPORT ON THE ANTHRACITE MINE WATER CONTROL AND MINE SEALING AND FILLING PROGRAM

A letter from the Deputy Under Secretary of the Interior, transmitting, pursuant to law, a report on the anthracite mine water control and mine sealing and filling program (with an accompanying report); to the Committee on Interior and Insular Affairs.

PROPOSED PSYCHOTROPIC SUBSTANCES ACT OF 1975

A letter from the Attorney General of the United States, transmitting a draft of proposed legislation to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 and other laws to discharge obligations under the Convention on Psychotropic Substances relating to regulatory controls on the manufacture, distribution, importation, and exportation of psychotropic substances (with accompanying papers); to the Committee on the Judiciary.

PROPOSED LEGISLATION TO REMOVE THE LIMITATION ON PAYMENTS FOR CONSULTANT SERVICES IN THE COMMUNITY RELATIONS SERVICE

A letter from the Attorney General of the United States, transmitting a draft of proposed legislation to remove the limitation on payments for consultant services in the Community Relations Service (with accompanying papers); to the Committee on the Judiciary.

FEDERAL TRADE COMMISSION REPORT UNDER THE FREEDOM OF INFORMATION ACT

A letter from the Secretary, Federal Trade Commission, transmitting, pursuant to law, a report describing its Freedom of Information Act activities for calendar year 1974 (with an accompanying report); to the Committee on the Judiciary.

ORDERS OF THE IMMIGRATION AND NATURALIZATION SERVICE

Two letters from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, copies of orders in the case of certain aliens (with accompanying papers); to the Committee on the Judiciary.

DESEGREGATION OF PUBLIC SCHOOLS—NOTICE OF RULEMAKING

A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting, pursuant to law, notice of rulemaking in desegregation of public schools (with accompanying papers); to the Committee on Labor and Public Welfare.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the Acting President pro tempore (Mr. BUMPERS):

A resolution of the Ozarks Regional Commission, Washington, D.C., urging the continuation of rail transportation services provided by the Chicago, Rock Island, and Pacific Railroad; to the Committee on Commerce.

A resolution of the Ozarks Regional Commission, Washington, D.C., supporting the United States Railway Association loan application filed by the Chicago, Rock Island, and Pacific Railroad Company; to the Committee on Commerce.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. Res. 115. A resolution to pay a gratuity to Geneva A. Johns.

S. Res. 91. A resolution relating to the activities of the Committee on Foreign Relations in facilitating the interchange and reception of certain foreign dignitaries (Rept. No. 94–40).

By Mr. CANNON, from the Committee on Rules and Administration, with amendments:

S. Res. 86. A resolution to authorize the Senate to respond to official invitations received from foreign governments or parliamentary bodies and associations (Rept. No. 94–41).

By Mr. METCALF, from the Committee on Government Operations, with amendments:

S. 172. A bill entitled "Travel Expenses Amendments Act of 1975" (Rept. No. 94–42).

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

S. 1236. An original bill to amend and extend the Emergency Livestock Credit Act of 1974, and for other purposes (Rept. No. 94–43).

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. LONG, from the Committee on Finance:

Frederick B. Dent, of South Carolina, to be Special Representative for Trade Negotiations with the rank of Ambassador Extraordinary and Plenipotentiary.

(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 authorized committee of the Senate.)

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. HARTKE:

S. 1215. A bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. TALMADGE (for himself and Mr. NUNN):

S. 1216. A bill to amend the Federal Water Pollution Control Act. Referred to the Committee on Public Works.

By Mr. MONDALE (for himself, Mr. CLARK, Mr. HUMPHREY, and Mr. SCHWEIKER):

S. 1217. A bill to amend the Regional Rail Reorganization Act of 1973 in order to expand the planning and rail service continuation subsidy authority under such Act, and for other purposes. Referred to the Committee on Commerce.

By Mr. INOUYE (for himself, Mr. ALLEN, Mr. BAYH, Mr. BROCK, Mr. BUMPERS, Mr. FANNIN, Mr. FONG, Mr. GOLDWATER, Mr. HANSEN, Mr. HATHAWAY, Mr. HOLLINGS, Mr. HUMPHREY, Mr. JAVITS, and Mr. MONDALE):

S. 1218. A bill to incorporate the Pearl Harbor Survivors Association. Referred to the Committee on the Judiciary.

By Mr. INOUYE:

S. 1219. A bill to amend the Internal Revenue Code of 1954 to remove the income limitation on the deduction for household and dependent care services necessary for gainful employment and to make such deduction an adjustment to gross income. Referred to the Committee on Finance.

S. 1220. A bill to amend title II of the Social Security Act to eliminate the special dependency requirements for entitlement to husband's and widower's insurance benefits, to provide benefits for widowed fathers with minor children, and to make certain other changes so that benefits for husbands, widowers, and fathers will be payable on the same basis as benefits for wives, widows, and mothers. Referred to the Committee on Finance.

By Mr. MONDALE:

S. 1221. A bill for the relief of Mr. and Mrs. Harold R. Harter, Senior. Referred to the Committee on Veterans' Affairs.

By Mr. BAYH:

S. 1222. A bill to authorize a national policy and program with respect to wild predatory mammals; to prohibit the poisoning of mammals and birds on the public lands of the United States; to regulate the manufacture, sale, and possession of certain chemical toxicants, and for other purposes. Referred to the Committee on Commerce.

S. 1223. A bill to discourage the use of painful devices in the trapping of mammals and birds. Referred to the Committee on Commerce.

By Mr. EASTLAND (for himself, Mr. ALLEN, Mr. CURTIS, Mr. LEAHY, Mr. McGOVERN, and Mr. STENNIS):

S. 1224. A bill to amend the Watershed Protection and Flood Prevention Act, as amended. Referred to the Committee on Public Works.

By Mr. CURTIS:

S. 1225. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs. Referred to the Committee on Finance.

By Mr. BEALL:

S. 1226. A bill to amend subchapter II of chapter 73 of title 10, United States Code, to eliminate, during periods when a person entitled to retired or retainer pay is not married, the reduction in the retired or retainer pay of such person made to his surviving spouse with an annuity. Referred to the Committee on Armed Services.

By Mr. BEALL (for himself and Mr. MATHIAS):

S. 1227. A bill to amend title II of the Social Security Act to provide a special rule for determining insured status, for purposes of entitlement of disability insurance benefits, of individuals whose disability is attributable directly or indirectly to meningioma or other brain tumor. Referred to the Committee on Finance.

By Mr. HUMPHREY:

S. 1228. A bill for the relief of Miss Padma Assunta Silva. Referred to the Committee on the Judiciary.

By Mr. BEALL (for himself, Mr. SCHWEIKER, and Mr. STAFFORD):

S. 1229. A bill to amend the Higher Education Act of 1965 to decrease the amount of defaults under the guaranteed student loan program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. EASTLAND (for himself, Mr. ALLEN, Mr. CURTIS, Mr. LEAHY, Mr. McGOVERN, and Mr. STENNIS):

S. 1230. A bill to amend the Watershed Protection and Flood Prevention Act, as amended. Referred to the Committee on Agriculture and Forestry.

By Mr. WILLIAMS (for himself and Mr. BROOKE):

S. 1231. A bill entitled "The Securities Investor Protection Act Amendments of

1975." Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MOSS:

S. 1232. A bill to encourage State and local governments to provide relief from real property taxes for elderly individuals. Referred to the Committee on Finance.

S. 1233. A bill to authorize reduced fares on the airlines on a space-available basis for individuals twenty-one years of age or younger or sixty-five years of age or older. Referred to the Committee on Commerce.

S. 1234. A bill to amend the Public Health Service Act to enlarge the authority of the National Institute for Neurological Diseases and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy, and other diseases. Referred to the Committee on Labor and Public Welfare.

By Mr. McCLURE:

S. 1235. A bill to abolish the Interstate Commerce Commission. Referred to the Committee on Commerce.

By Mr. McGOVERN from the Committee on Agriculture and Forestry:

S. 1236. An original bill to amend and extend the Emergency Livestock Credit Act of 1974, and for other purposes. Placed on the Calendar.

By Mr. MATHIAS:

S. 1237. A bill for the relief of Gladys Naomi Wolfe. Referred to the Committee on Post Office and Civil Service.

By Mr. BARTLETT:

S.J. Res. 60. A joint resolution proposing an amendment to the Constitution of the United States relating to open admissions to public schools. Referred to the Committee on the Judiciary.

By Mr. MONDALE:

S.J. Res. 61. A joint resolution to prohibit for a period of 90 days the President of the United States or his representatives from entering into any international minimum pricing agreements for petroleum. Referred to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HARTKE:

S. 1215. A bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes. Referred to the Committee on Post Office and Civil Service.

Mr. HARTKE. Mr. President, I am introducing today a bill to require the respective executive agencies and departments to provide advance notice to the Congress of certain planned organizational and other changes which would affect Federal civilian employees.

This legislation is designed to protect and require fair notice opportunities for Federal civilian employees. The experiences of past reductions and the anticipated gains and reductions in future executive actions have but one victim—the employee who suddenly is without employment through no action on his part. Little or no recourse is left to the individual. At the present time, Federal employees are subject to dismissal or relocation without sufficient notice. In order to protect these employees, my bill provides that when an agency or executive policy necessitates the dismissal or relocation of civilian employees, the head of the executive agency shall inform the Post Office and Civil Service Committees of the Senate and the House of Representatives and the respective employee at least 120 days before any such action is taken.

In some cases, the severe hardship employees economically find themselves subjected to are unnecessary, and could be prevented with adequate notice, planning, and preparation. The Federal Government must take the first step and provide the employees with appropriate notice of contemplated actions.

At the present time, some 596 civilian employees at the Crane Naval Ammunition Depot in Martin County, Ind., are facing what will probably be permanent layoffs, as a result of a reduction in the budget of the Department of the Navy. The personnel at Crane come predominately from three rural counties in southern Indiana which already have severe unemployment problems.

Where are these people to go? They cannot be easily given other jobs in Federal agencies without forcing them to move from their homes and relocate in some other community.

I am not saying that no Federal agency has the right to transfer its employees or to reduce its work force. However, before a drastic reduction in force takes place at any Federal installation, there should be an opportunity for the Congress to be given adequate notice of such action.

While my bill will not find new employment for the thousands who must search for new employment, and sometimes relocate, it will provide the employee ample opportunity to go into the employment marketplace and search for existing possibilities.

Fairness to the Federal worker demands fairness by the Federal employer. Decisions on transfers, discontinuations of programs, or reductions in force are not decisions that should be made without consideration by the employer of the consequences to the employee. It is only fair that the decisions made by the employer be passed along to the employee in a timely manner with fair notice under our civil service system.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

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

S. 1215

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter II of chapter 29 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 2955. Advance notice to Congress of certain proposed actions of executive agencies affecting Federal civilian employment

"Whenever it is determined by appropriate authority that any administrative action, order, or policy, or series of administrative actions, orders, or policies shall be taken, issued, or adopted, by or within any executive agency, which will effectuate the closing, disposal, relocation, dispersal, or reduction of the plant and other structural facilities of any installation, base, plant, or other physical unit or entity of that executive agency and which—

"(1) will necessitate, to any appreciable extent, a reduction in the number of civilian employees engaged in the activities performed in and through those facilities of that agency, without reasonable opportunity for their further civilian employment with the Government in the same commuting area; or

"(2) will necessitate, to any appreciable extent, the transfer or relocation of civilian employees engaged in the activities performed in and through those facilities of that agency, in order to provide those employees with reasonable opportunity for further civilian employment with the Government outside the same commuting area; or

"(3) both;

the head of that executive agency shall transmit to the respective Committees on Post Office and Civil Service of the Senate and House of Representatives and to employee organizations having exclusive recognition, at least one hundred and twenty days before any such action, order, or policy is initiated, written notice that such action, order, or policy will be taken, issued, or adopted, together with such written statement, discussion, and other information in explanation thereof as such agency head considers necessary to provide complete information to the Congress with respect to that action, order, or policy. In addition, the agency head shall provide to such committee such additional pertinent information as those committees, or either of them, may request."

(b) The table of sections of subchapter II of chapter 29 of title 5, United States Code, is amended by adding at the end thereof—

"2955. Advance notice to Congress of certain proposed actions of executive agencies affecting Federal civilian employment.".

By Mr. MONDALE (for himself, Mr. CLARK, Mr. HUMPHREY, and Mr. SCHWEIKER):

S. 1217. A bill to amend the Regional Rail Reorganization Act of 1973 in order to expand the planning and rail service continuation subsidy authority under such act, and for other purposes. Referred to the Committee on Commerce.

RURAL RAIL PRESERVATION AND IMPROVEMENT ACT

Mr. MONDALE. Mr. President, Senators CLARK, HUMPHREY, and SCHWEIKER, and I are today reintroducing the Rural Rail Preservation and Improvement Act, a bill which we introduced in the 93d Congress to preserve and upgrade the quality of rail services to rural America.

During the debate on the Rail Services Act of 1973, Senator HUMPHREY and I proposed the essence of this legislation in the form of two floor amendments to that bill. These amendments were designed to expand the protections against precipitous railroad abandonment to communities located outside the Northeast rail corridor. The first amendment mandated a comprehensive study of the impact of branch line abandonments on our Nation's economic, social and environmental requirements, and it authorized Federal assistance to continue services along essential lines that would otherwise be discontinued. Our second amendment would have placed a 2-year moratorium on railroad abandonments outside the northeast region, pending completion of the study and the implementation of State and local programs to utilize Federal rail service continuation grants. These amendments were adopted by the Senate, but unfortunately, they were dropped from the bill during conference committee.

The problem of branch line abandonments is of critical concern to rural communities. In order to increase production, farming areas must have access to good transportation for delivery of farm inputs, such as feed and fertilizer, and for shipments of agricultural commodities to markets. But while the demand for transportation services in most rural areas has never been higher, an ever growing number of agricultural communities are facing the complete loss of rail services.

Nationwide, the number of abandonment proceedings before the Interstate Commerce Commission has grown from 197 in May of 1974 to 365 today. These applications cover more than 7,000 miles of track.

Under the 1973 Rail Services Act, a program of continuation grants was established to assist communities in the so-called Northeast and Midwest Rail Emergency Region to maintain essential rail services. Roughly 4,000 of 7,000 miles of track now threatened by abandonment are located in this region. However, an additional 3,000 miles, many of them in America's prime agricultural areas, are covered by no program of Federal assistance whatsoever.

In offering legislation today, we are not arguing that no additional branch lines should ever be abandoned. We do not believe the Federal Government ought to help keep every mile of track in operation where more efficient and economical alternatives are available. Nevertheless, before thousands of miles of track are torn up or left in ruins, we do propose that a comprehensive assessment be made of the costs of and alternatives to such action.

Under our proposal the Secretary of Transportation would be required to develop within 300 days a comprehensive report regarding essential rail services within the Nation. This report would be subject to evaluation and hearings by the Rail Services Planning Office. These findings would then be used by the Office in the preparation of a detailed information survey and report on the impact of abandonments in States outside the rail emergency region.

If it could be shown that the economic, social, and environmental costs of abandoning a branch line would exceed the benefits, our proposal would authorize assistance to State and local governments for up to 70 percent of the cost of keeping the line in operation. This assistance would be available nationwide on the same basis that it is now available to the rail emergency region. Our bill would authorize an additional $100 million to cover the cost of this program.

Finally, to provide time for study of our rural transportation network and to enable State and local governments to set up programs to utilize continuation grants, our bill would provide for a temporary 2-year moratorium on abandonments outside the Northeast region. This moratorium could be waived whenever the abandonment request is not opposed by any State, county, or municipality served by the line.

Earlier I spoke of the threat to rural communities of a total loss of rail service. Where good, all-weather roads do not exist, this threat is especially severe. But it is not just farmers and farm related businesses that would suffer from such action; it is also the consumer and the worker whose very job may be at stake. Fortunately, in the case of Harlem Valley Transportation Services against Stafford a Federal district court has ruled, and the second circuit court has affirmed its finding, that the Interstate Commerce Commission must abide by the National Environmental Policy Act in assessing the environmental effects of individual applications for abandonment. This is an important step toward the thorough evaluation that should take place before an abandonment can be permitted. The Congress must, however, insure that this evaluation includes not only the environmental, but also the social and economic effects of such action by approving the Rural Rail Preservation and Improvement Act.

Mr. President, I ask unanimous consent that the full text of our bill be printed at this point in the RECORD.

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

S. 1217

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Rail Preservation and Improvement Act".

NATIONAL STUDIES AND POLICY

SEC. 2. (a) Section 204 of the Regional Rail Reorganization Act of 1973 is amended to read as follows:

"REPORTS

"SEC. 204. (a) PREPARATION.—(1) Within thirty days after the date of enactment of this Act, the Secretary shall prepare a comprehensive report containing his conclusions and recommendations with respect to the geographic zones within the region at and between which rail service should be provided and the criteria upon which such conclusions and recommendations are based; and (2) within three hundred days after the date of enactment of the Rural Rail Preservation and Improvement Act, the Secretary shall prepare a comprehensive report containing his conclusions with respect to essential rail services within the Nation in the area outside the region, and his recommendations as to the geographic zones at and between which rail service should be provided. The Secretary may use as a basis for the identification of such geographic zones the standard metropolitan statistical areas, groups of such areas, counties, or groups of counties having similar economic characteristics such as mining, manufacturing, or farming.

"(b) SUBMISSION.—Upon completion, the Secretary shall submit the reports required by subsection (a) of this section to the Office, the Association, the Governor and public utilities commission of each State studied in the report, local governments, consumer organizations, environmental groups, the public, and the Congress. The Secretary shall further cause a copy of each report to be published in the Federal Register.

"(c) TRANSPORTATION POLICY.—Within one hundred and eighty days after the date of enactment of the Rural Rail Preservation and Improvement Act, the Secretary shall formulate and submit to Congress a national transportation policy. The Secretary shall consider all relevant factors in formulating this national transportation policy, including the need for coordinated development and improvement of all modes of transportation, and recommendations as to the priority which should be assigned to the development and improvement of each such mode.".

(b) Section 205 of such Act is amended by inserting at the end thereof the following:

"(e) OTHER STUDIES.—Within three hundred days after the effective date of the final system plan, the Office shall, with the assistance of the Secretary and the Association—

"(1) study, evaluate, and hold public hearings on the Secretary's report on essential rail services within the Nation, which is required under section 204(a)(2) of this title, and the Secretary's formulation for a national transportation policy, which is required under section 204(c) of this title. The Office shall solicit, study, and evaluate comments, with respect to the content of such documents and the subject matter thereof, from the same categories of persons and governments listed in subsection (d)(1) of this section but without any geographical limitations; and

"(2) prepare a detailed information survey and detailed and comprehensive studies with respect to States outside the region covering the same material required to be surveyed and studied by the Association with respect to the region under section 202(b) of this Act, including a comprehensive report to be submitted to the Commission, the Association, the Secretary, and the Congress and to be published in the Federal Register.".

REPORT AND PARTIAL MORATORIUM OF ABANDONMENTS

SEC. 3. Section 304 of the Regional Rail Reorganization Act of 1973 is amended by inserting at the end thereof the following:

"(g) REPORT ON ABANDONMENTS AND PARTIAL MORATORIUM.—The Commission shall submit to the Congress within ninety days after the date of enactment of the Rural Rail Preservation and Improvement Act a comprehensive report on the anticipated effect, including the environmental impact, of abandonments in States outside the region. No carrier subject to part I of the Interstate Commerce Act shall abandon, during a period of seven hundred and thirty days after the date of enactment of such Act, all or any portion of a line of railroad (or operation thereof) outside the region, the abandonment of which is opposed by any State, county, or municipality served by that line.".

EXPANSION OF RAIL SERVICE CONTINUATION SUBSIDY AND LOAN AUTHORIZATIONS

SEC. 4. (a) Subsection (a) of section 402 of the Regional Rail Reorganization Act of 1973 is amended by inserting after the first sentence the following: "The operation of rail properties with respect to which the Commission has issued a certificate of abandonment within five years prior to the date of enactment of this Act and which remain in condition for rail service shall, subject to the other provisions of this section, be eligible for such subsidies.".

(b) Such section 402 is further amended by striking out "in the region" wherever appearing therein.

(c) Subsection (1) of such section 402 is amended by striking out "$90,000,000" and inserting in lieu thereof "$200,000,000".

Mr. CLARK. Mr. President, as a Senator from a midwestern State, and as chairman of the Senate Subcommittee on Rural Development, I am very much aware of the importance of transportation in rural economic development. The efficient movement of agricultural and manufactured products—as well as people—is essential to the competitive position of rural industries and to the growth and prosperity of rural communities. Yet,

there is increasing evidence of selectivity among both regulated and unregulated carriers in providing service to rural areas that results in an erosion of service. And now, the emergency status of the Rock Island line, which serves so many rural areas of Iowa, threatens to increase that erosion.

Rural communities need and deserve effective transportation and a Government policy that encourages it. The public policies affecting transportation services in rural areas now require a thorough examination and evaluation. And until that is completed, the Federal Government and industry must proceed with extreme caution so that the process of erosion goes no farther.

The Rural Rail Preservation Act, introduced by Senator MONDALE today, would promote both the study and the protection which are invaluable in the drive for an overall balanced transportation plan.

This act gets to the heart of a problem that is having a severe impact on rural areas throughout the United States—abandonments. In Iowa alone, which has about 8,500 miles of railroad track, about 1,260 miles of track could be abandoned. If that happened, approximately 142,000 people would lose rail service. These figures are based on the 1970 census and only include towns that are on the rail lines. If one could count all the farmers and rural dwellers, the number would increase substantially. And yet, unless the procedures in this act are adopted, these people will have few alternatives but to seek new methods of transportation, causing an increase in the cost of transportation that the consumer will have to absorb.

Rail abandonment is a problem shared by virtually every State. Since January 1, 1972, the Interstate Commerce Commission has approved 293 abandonment cases, totaling 4,865.33 miles of track. During the 2-year-period, Pennsylvania led in abandonments with 424.37 miles of track; next was Iowa with 360.92, followed by New York's 336.88 miles. Other States with more than 200 miles of abandoned track include Illinois, Indiana, Michigan, Minnesota, Mississippi, Ohio, South Dakota, and Texas. Most of these States have significant rural populations.

Today, abandonments essentially are handled on case-by-case basis. There is no method to determine the effect of a given abandonment on the entire transportation system. The only solution to this dilemma is the plan of study and assistance that this act establishes.

The legislation combines two amendments approved by the Senate during the debate on the Rail Services Act of 1973 but lost during the conference committee. It provides for a comprehensive study of rail line abandonments and their impact—especially in rural areas—and while that study is being completed, there will be a 2-year moratorium on railroad abandonments outside the northeastern part of the United States. There also is a provision for Federal assistance to help State and local governments keep rail lines threatened with abandonment in operation.

Under the bill, there no doubt will be a study of the soundness of the so-called 34-car rule. Since its implementation, a number of abandonments have been filed under this provision. Yet the basis of the entire rule may be in question. A paper presented at a symposium on Economic and Public Policy Factors Influencing Light Density Rail Line Operations, January 10–11, in Boulder, Colo., summarized the origin and history of the rule (ex parte No. 274, sub. No. 1, of January 12, 1972):

> What the Commission is proposing is that if there are no protests, and if a line has 34 or fewer carloads per mile of road per year, the Commission will waive its usual approach and simply grant a certificate. Of course, one of the objectives should be to apply a procedure which avoids waste and all kinds of expensive studies in determining which branch lines or light-density rail lines be kept and which should be dispensed with. Unfortunately, the 34-car standard is said to have some things wrong with it. The Federal Railroad Administration hired another consultant to take a look at how the 34-car rule was derived. He has made an unpublished report.
>
> In a nutshell, he found that there were several basic deficiencies. The data base was unrepresentative. It simply reflected the numbers in 39 cases which the commission heard in the years 1969 and 1970. These were not all the cases that were heard; they were 39 selected cases. The consultant found that the rule was arbitrary and that the 34-car figure was an average of the computed break-even carloads for those 39 cases. In addition to being arbitrary, it was a quite simplistic average. The break-even carloads in the 39 cases ranged from 1.38 carloads to 144 carloads per mile of road per year. There was no central tendency, no cluster of individual break-even observations around any central point on a scatter graph. The number of break-even carloads in 39 cases was merely added up and divided through by 39.

This rule obviously needs additional study, and it will get it under this bill.

All of this research and study will take time. In the meantime, Congress must act to guarantee services to the rural areas—especially transportation services. The Rural Rail Preservation Act will be a big step in this direction, and it will provide the close scrutiny necessary to prevent irreparable damage from being done.

I hope the Senate will act responsively and expeditiously in the treatment of this proposal, so that we can begin to address the problems of rural America and to design a truly overall balanced transportation plan.

By Mr. INOUYE (for himself, Mr. ALLEN, Mr. BAYH, Mr. BROCK, Mr. BUMPERS, Mr. FANNIN, Mr. FONG, Mr. GOLDWATER, Mr. HANSEN, Mr. HATHAWAY, Mr. HOLLINGS, Mr. HUMPHREY, Mr. JAVITS, and Mr. MONDALE):

S. 1218. A bill to incorporate the Pearl Harbor Survivors Association. Referred to the Committee on the Judiciary.

Mr. INOUYE. Mr. President, because of several technical changes which were recently brought to my attention, I am today reintroducing on behalf of Mr. ALLEN, Mr. BAYH, Mr. BROCK, Mr. BUMPERS, Mr. FANNIN, Mr. FONG, Mr. GOLDWATER, Mr. HANSEN, Mr. HATHAWAY, Mr. HOLLINGS, Mr. HUMPHREY, Mr. JAVITS, Mr. MONDALE, and myself, a bill to incorporate the Pearl Harbor Survivors Association.

I hope my colleagues will join with me in providing Federal recognition to this private, nonprofit association.

By Mr. INOUYE:

S. 1219. A bill to amend the Internal Revenue Code of 1954 to remove the income limitation on the deduction for household and dependent care services necessary for gainful employment and to make such deduction an adjustment to gross income. Referred to the Committee on Finance.

Mr. INOUYE. Mr. President, I am introducing legislation to remedy inequities in the income tax deduction for child-care expenses.

Under present law, child-care expenses are not treated as an ordinary employment-related business expense. Instead, special tax treatment is provided to certain low- and middle-income families who have sufficient deductible expenses to make itemizing of tax deductions worthwhile. A maximum child-care deduction of $400 is allowed to full-time workers in families with not more than $18,000 adjusted gross income. The amount of the deduction for families earning between $18,000 and $27,600 decreases on a sliding scale as income increases. Deductions are not allowed for families earning over $27,600 for part-time workers, for students, or for child-care payments made to any relative.

These restrictions have had the effect of denying needed tax relief to working parents and limiting the availability of child-care facilities and services. In 1972, 12.8 million working mothers were in the labor force. Only an estimated one in 10 of the families thus eligible for child-care deductions actually were able to claim it on their tax returns. And for the 26 million children who had working mothers, day-care facilities were available for only 905,000. The estimated cost of child care is $1,600 to $3,000 per year per child.

IRS Commissioner Donald Alexander has stated:

> The child care deduction was a relief provision enacted by Congress primarily for the benefit of low-income families where the earnings of the mother, as well as the father, are essential for the maintenance of minimum living standards.

If one accepts that explanation of legislative intent, it is apparent that the present law fails to meet that goal. In fact, the law effectively precludes virtually all poor and modest income families from claiming the deduction.

Sixty-eight percent of families earning less than $10,000 per year do not itemize deductions on their income tax returns. This is because most low-income families do not own their homes and do not enjoy the tax benefits of homeownership. An estimated two-thirds of itemized deductions are accounted for by interest and State and local taxes. Low income families who do not own their own homes may find that their deductions—even including child-care expenses—do not exceed the amount available under the standard deduction. Thus, when these families file their return, they get no credit for their child-care expenses.

To meet the goal of giving effective tax relief to working parents who must work

to maintain minimum living standards, the most effective measure would be to consider child-care expenses as adjustments to income. For that is what they are. This change in the law would benefit an estimated three times as many families as at present.

Adjustments to income are included in our tax codes on the theory that the taxpayer would be subject to pay taxes only on that portion of income which exceeds the cost of earning it. For example, moving, transportation, food, lodging, entertainment and educational expenses that are job related are deducted from income to determine the employee's adjusted gross income. Just as these costs are a necessary cost of earning income, so are child-care costs for working parents. Accordingly child-care expenses should be accorded the same tax treatment as these other expenses.

The staff of the Joint Committee on the IRS, in explaining the Revenue Act of 1971 stated:

> It was recognized that an adult responsible for the care of small children might incur child-care expenses to earn a livelihood and that these expenses, therefore, can be viewed as to some extent like an employee's business expenses.

By treating child-care expenses "as to some extent like" employee's business expenses, instead of as completely legitimate business expenses, a legal fiction has been created which has no place in law. Child-care is either a necessary and normal business expense or it isn't.

If child-care expenses are a necessary and normal business expense, as I believe they are, our current law is inequitable on a second count. A businessman may deduct the full amount of any business expense regardless of his income, while a working couple cannot deduct their full child-care expenses if their income is too high. The income limitation imposed on child-care deductions is not imposed on any other business expense. If a businessman earning $30,000 per year can deduct the full $25 of his business lunch from his income, so should a working couple earning $30,000 per year be able to deduct the full $25 of a daily child care service. Under present law the working couple earning $30,000 can deduct none of their expenses. If the couple earns between $18,000 and $27,600 they can only deduct up to $12.50 of their $25 expenses. There is no justification for this discrimination.

If we wish our tax laws to be progressive, we should look to our rate structure to accomplish that end. If we wish people with the same tax paying ability to bear the same tax burden, we should not enact discriminatory income limitations for specific deductions—such as for child-care services.

The present income limitation has the effect of eroding the income of couples whose incomes are over the limitation. For example, a recent Washington Post column "The High Cost of a Second Income" by Richard M. Cohen, traces the erosion of earnings of a hypothetical couple earning $30,000 a year. Cohen says,

> It looks like a nice, healthy sum, but child-care expenses can reduce a family's income substantially. If we assume that the husband earns $20,000 and the wife $10,000 (a higher than average figure for women in the work force), her income erodes like this:
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> State, local and federal taxes and Social Security will take at least 20 per cent of her pay. That's $38 out of her $193 a week salary, bringing her take-home income down to $155. If she automatically enrolled in employee insurance plans, or is required to pay union dues, she'll lose about $5 more—$150.
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> If she obeys the law and pays her sitter the minimum wage for a 40-hour week child care will cost about $84. Now she's down to $66 for the week. And if she obeys one law, why not another—the Social Security Act. Her employer contribution would be $4.91 a week. If she also pays the employee's share—a common practice in the Washington area where sitters strike some hard bargains—the above figure should be doubled to $9.82. That reduces her "profit" to $56.18 a week.
>
> That should be end of the slide—but it isn't. For household workers, like others, are entitled to paid vacations, sick leave and paid holidays. That can sometimes mean temporary help, overtime, or a day at home with the child, any one of which can mean a loss of income or an added expense. Moreover, there are other costs associated with work—a larger wardrobe, commuting, lunches and possibly a second car. Taking all this into account, the woman's weekly "profit" will be reduced by another $10—or more.
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> She would now clear about $46.18 a week, or about $1.15 an hour.

This hypothetical case has hundreds of thousands of real counterparts. The effect of the income limitation on real couples, or on working widows and divorcees, with children to care for, is to create an unfair obstacle to the woman's employment by severely limiting the amount of additional income that will be left over after taxes and expenses. For some women, the small additional income may not be worth it, despite a strong desire to have a career. For many who have no choice, the small real income will mean very few luxuries and a feeling that the tax laws are unfair and discriminatory.

The most effective way to remove this obstacle to female employment is to remove the income limitation on the child-care deduction. Such a revision in the tax code is consistent with the goals of tax equity and progressivity. The child-care deduction is not a loophole to allow the well off to escape their fair share of the tax burden. It is a legitimate cost of employment for working mothers. If our tax rates are progressive, and if allowable deductions are all legitimate, as they should be, then the tax system should work to fairly distribute the burden of taxes by income class and among persons with substantially equal incomes.

The legislation I am introducing would provide that child-care expenses be considered as adjustments to income and that the limitation on income be removed. Also, it instructs the Commissioner of Internal Revenue Service to provide space on income tax form 1040A, popularly known as the "short form," for claiming the child-care expense adjustment to income. This will assure that low- and moderate-income families will not be denied the opportunity to benefit from this legitimate deduction, because of a deficiency in the tax return form.

The simple changes I am recommending can erase the major inequities in the child-care deduction laws. Together with S. 703, which I have also introduced, to extend the deduction to families in which one parent works and the other is a full-time student, these improvements will give parents the freedom to enjoy their children and their careers. The current shortage of child-care services and facilities can be alleviated as parents make individual choices on the kind and quality of services they desire for their children.

I urge prompt enactment of this necessary legislation. The Congress has come a long way in recognizing the right of women to choose between being a full-time housewife or having a professional career and in understanding that the financial demands on many families can no longer be adequately met on the wages of a single breadwinner. It is time to bring our tax laws fully up to date with these realities.

By Mr. INOUYE:

S. 1220. A bill to amend title II of the Social Security Act to eliminate the special dependency requirements for entitlement to husband's and widower's insurance benefits, to provide benefits for widowed fathers with minor children, and to make certain other changes so that benefits for husbands, widowers, and fathers will be payable on the same basis as benefits for wives, widows, and mothers. Referred to the Committee on finance.

Mr. INOUYE. Mr. President, I rise today to propose certain changes in title II of the Social Security Act which I feel will bring our system of compensation into line with this Nation's changing social conditions. The amendments I introduce have also been proposed to the House of Representatives by my good friend and fellow Hawaiian, Representative SPARK MATSUNAGA.

The women's liberation movement has been a potent force for change during the past decade. The movement has awakened this Nation to how it wastes valuable resources by relegating women, through tradition and law, to inferior roles. It hopefully has taught us to evaluate human beings on an individual basis without regard to sex.

Thanks to the women's movement, we are moving to overturn legal barriers to equal opportunity for both sexes. I am proud to say that my State of Hawaii was the first to ratify the Equal Rights Amendment which, when it becomes part of the Constitution, will eliminate what discriminatory laws have not been removed already by legislative and judicial action.

The equal rights movement has directed attention at legal discrimination against women, but it should also make us aware that some laws discriminate against men. There are several abuses of this nature in the Social Security Act, and I propose we do away with them.

We must realize special treatment for women, simply because they are women, is as wrong as discrimination against them, because of their sex. Several sections of the present Social Security Act allot special benefits to women in certain situations, but refuse these benefits to men in the same situations. This is wrong and should be corrected.

For example, when a man covered by social security dies, his widow receives special benefits if she is 62 or has a minor child. But if a woman covered by social security dies, her widower in the same circumstances only receives a small, one-time death benefit unless he can prove his wife provided at least half his support.

This provision seems especially unfair at a time when 30 million women are working and paying into the social security trust fund. Under these circumstances, we cannot assume a wife provides less than half her family's income. This provisions is especially disturbing in Hawaii where we have a higher percentage of working wives than any other State.

To correct this abuse and several related ones, I am offering a companion bill to one Mr. MATSUNAGA introduced in the House. My colleague from Texas (Mr. TOWER) has proposed to eliminate the special dependency requirements for husband's and widower's benefits in S. 277. I am cosponsoring that bill, but the bill I am introducing will correct other deficiencies as well.

In addition to allowing widowers to collect benefits without proving dependence, my bill would:

Permit a divorced man to draw a spouse's benefit at age 62 if the marriage lasted 20 years and he has not remarried. Divorced women now enjoy this benefit;

Pay a parent's benefit to a surviving father with a child in his care until the child reaches age 22. Surviving mothers now receive such benefits;

Permit a man to draw a spouse's benefit equal to half the primary amount, if he is caring for a minor child or has reached age 62. Men now receive this benefit only if they are 62 or older. Women are eligible under either circumstance.

Mr. President, these are not major changes, nor do I believe they will be costly ones. But their enactment will be a reaffirmation of our opposition to sex discrimination in all forms.

Social security payments now account for about one-fifth of Federal expenditures. Approximately 33 million Americans benefit from this program. A system to big and so inclusive must be fair. I believe the amendments I am proposing will make it more fair.

By Mr. BAYH:

S. 1222. A bill to authorize a national policy and program with respect to wild predatory mammals; to prohibit the poisoning of mammals and birds on the public lands of the United States; to regulate the manufacture, sale, and possession of certain chemical toxicants; and for other purposes. Referred to the Committee on Commerce.

S. 1223. A bill to discourage the use of painful devices in the trapping of mammals and birds. Referred to the Committee on Commerce.

Mr. BAYH. Mr. President, today I am introducing two bills, similar in nature to legislation I introduced in the 93d Congress. The first, the Antipoisoning Act, would permanently end the use of certain poisons on public lands except in extraordinary situations and, at the same time, assist the States in finding adequate means of predator control. The second bill is designed to discourage the use of painful devices in the trapping of mammals and birds.

Mr. President, it is all too clear that the unnecessary use of extremely toxic poisons for predator control on public lands and the continued use of inhumane devices in the trapping of mammals and birds are highly objectionable practices that must be ended. While effective predator control is essential, the indiscriminate use of massive amounts of poison—which often kill nontargeted animals and can eventually contaminate the water supply of nearby communities—has deleterious side effects which are simply too risky to justify this method of dealing with predators.

Proposals to terminate poisoning programs on public lands have aroused highly emotional debate during the past few years; debate intensified by the absence of clear facts to lend a stabilizing effect. Unfortunately, there are still no detailed statistics on the extent of domestic animal losses due to predation, nor is there hard information on the effectiveness of various predator-control techniques—including poisons.

However, we do know from the Cain Report of 1972 that during the 20-year period of 1951 to 1970 at least $110 million in Federal and contributed funds were spent on animal damage programs. Under these, programs, more than 1,000 tons of poisoned meat as well as huge amounts of compound 1080, strychnine tablets, and poisoned grain were disbursed throughout our Western lands. We also know from an environmental impact statement submitted by the Department of the Interior that there were a number of unintentional accidents to humans, 19; dogs, 87; horses, 12; and other animals during the 10-year period of 1959–69. Almost two-thirds of these accidents were caused by poison-disbursing agents. Finally we know that the use of indiscriminate poisons has led to the death of many nontargeted animals and has disrupted the predation cycle more than is necessary. Moreover, the fact that many of these poisons are not biodegradable is most disturbing, as it raises the probability that large amounts of these poisons have been accumulating in our water supplies and can eventually affect humans. In short, it is clear that past programs are unsatisfactory.

History suggests there is a clear consensus in favor of finding alternatives to poisoning. In 1972, a bill to establish alternative methods of predator control passed the House of Representatives. That same year the President issued Executive Order 11643 restricting the use of chemical toxicants for predator control on Federal lands and in Federal programs to certified emergency situations.

Also, on March 9, 1972, the Environmental Protection Agency issued suspension and cancellation notices for the registration of all products containing cyanide, strychnine, and sodium monofluoracetate—1080. All uses of thallium sulfate, a rodenticide widely misused for predator control, were prohibited at the same time. The order was based primarily on evidence that the use of these pesticides posed an "imminent hazard" to nontargeted animals as well as humans. The availability of nonchemical alternatives for predator control and the lack of evidence that these poisons actually reduced livestock losses to predators were also important considerations.

Although I commended these steps at the time, I also believe that such fundamental protections require the authority and permanence of law. Executive and agency orders are repealed too easily. Therefore, I hope Congress will act promptly to prevent by statute the use of poisons that adulterate our environment.

The Anti-Poisoning Act which I am introducing today, has three main purposes: First, to outlaw the manufacture, sale or use of particularly toxic poisons; second, to prohibit the routine use of poisoning on Federal lands; and third, to encourage the development of alternative methods of predator control, as well as their utilization by individual States. Exceptions to the poisoning prohibition would be possible, but any use of poison would require a detailed written justification by the Secretary of Agriculture or the Secretary of the Interior, following ample opportunity for public debate.

Mr. President, there are four additional provisions in my bill that I would like to draw to the attention of the Senate. First, under my proposal, a public hearing would be required before the emergency use of poisons is permitted on public lands. Second, poisoning could not be justified, even as a last resort, to prevent major damage to domestic livestock alone. Third, a total of only $4 million is authorized for the first year of the program. Fourth, the Federal role in predator control programs, or in the funding thereof, would be eliminated after 3 years of transitional assistance with the responsibility given to the States.

Since the prohibition in my bill is also directed at the use of the pesticides banned by the Environmental Protection Agency, I have added provisions to require recordkeeping and licensing to keep track of the possession and the use of all banned compounds. If control programs are to be turned over to the States, such recordkeeping is essential to efficient monitoring and enforcement.

Finally, the bill authorizes the Environmental Protection Agency to purchase from producers the compounds and chemicals banned under the bill. Under FIFRA—Federal Insecticide, Fungicide, and Rodenticide Act—the agency is required to pay indemnities to producers who suffer losses as a result of the cancellation of the registration of their products. The parallel section of my bill is designed to serve as an indemnity payment mechanism at the same time that it removes excess stocks of the pesticides from the market. Since registration for these poisons has already been canceled under FIFRA, indemnities presumably have been paid where necessary. However, rather than run the risk of working a financial hardship on

any producer, the authorization for payment should be established while recognizing that any actual expense would be minimal.

As to the larger question of whether a statutory prohibition on the manufacture or use of these poisons for predator control is necessary, I believe that my bill will make Congressional intent clearer than previous administrative actions to those who wish to use poisons on private lands and to those who request special permission for a "limited emergency" poisoning program. A statutory ban will also encourage more research in alternative predator control techniques, since it would put to rest any lingering hopes that the Environmental Protection Agency might repeal its order at some future date. Since it now seems highly unlikely that the Environmental Protection Agency will, in fact, rescind its order, we can end fruitless speculation on this point and move more effectively to other means of predator control by enacting this bill.

Finally, I believe that although the Federal Government should continue to help fund research and to establish uniform standards for State predator control programs, we should also terminate the Federal role in the operation and funding of predator control programs over a reasonable period of time. The time period established in my bill is 3 years. This is important since, in view of the Government's past willingness to protect livestock on public lands, we bear a responsibility to livestock producers to help them find effective alternatives to poisoning.

Mr. President, the use of painful devices in the trapping of mammals and birds is an issue often associated with the poisoning program for predator control. For this reason, I am today also reintroducing my legislation to ban the continued use of certain traps.

In recent years there has been growing concern over the use of the steel-jaw leg-hold traps in the control of wildlife, and taking furbearers. This device, the most widely used trap in the United States, was developed in the 1820's. The leg-hold trap is designed to capture and hold an animal until the trapper arrives to kill it. Most frequently, the animal is killed with a club or other blunt instrument.

Two factors make leg-hold traps work. First, the jaws of the trap must close quickly in order to prevent the animal from removing its foot and escaping. Second, the traps must have sufficient resistance to prying so the animal cannot spread the jaws and free itself. In time the leg of the animal caught in a steel jaw trap may become numb from loss of blood circulation. When first captured, however, the animal is subject to intense agony, and even after the blood circulation has been slowed, there will be intermittent periods of pain and numbness as long as the trap remains locked around the animal's leg.

As painful as the leg-hold trap is in its clamping and holding action, its greatest cruelty lies in the fact that the trapped animal is held fast for hours, perhaps even days, before being killed or released.

The animal's initial reaction to trapping often will be repeated attempts to bite or pull the affected limb free, resulting in torn ligaments and flesh, broken teeth, and other injuries. In many instances, animals will chew off their legs in order to escape. Known as "wring-offs" the wounded escapees are easy prey for other animals. That that avoid predators face a slow death from gangrene, shock, loss of blood, and infection.

The suffering of trapped animals is not confined to furbearers; the steel jaw trap does not discriminate. Dogs, cats, birds, deer, domestic stock, and even endangered species are being caught and killed in these devices. The Canadian Government has reported that the number of unwanted birds and mammals "accidentally" caught in leg-hold traps is twice the catch of the target animals. And, according to the Canadian Association for Humane Trapping, the ratio of unwanted animals to desired furbearers found in traps is 3 to 1.

There are many tragic situations involving unwanted wildlife and traps. Ducks, for example, often use ponds constructed by beavers as feeding grounds; reports have been made of ducks caught in beaver sets both above and below water level, resulting in crushed or shattered legs or broken necks.

Mr. President, the most significant fact is that trapping is primarily conducted by amateurs who are interested in recreation or a source of supplemental income. According to Argus Archives, a reputable publication on humane issues, the single greatest portion of trappers in the United States consists of high school students. Only 1 percent of all trappers can be classified as experienced professionals. Thus, for the most part trapping is a hobby, for weekend sportsmen whose traps are left unattended during much of the week, and for children who are unlikely to check their lines during the inclement weather which usually accompanies trapping seasons. In light of these facts, I am introducing legislation designed to abolish inhumane trapping.

It is recognized that a market for wild animal pelts does exist, and that it would not be possible for the United States to ban leg-hold traps unless inexpensive, effective alternative traps are available. There are a variety of commercially available traps capable of painlessly capturing or instantaneously killing animals. For instance, the Conibear series is competitive with leg-hold and other traps, but their purpose and design are radically different from those of the leg-hold; the Conibear is designed to kill an animal instantly by breaking its back or neck. For those trappers who have already invested in a number of steel jaw traps and who thus cannot buy new traps, strips of weatherstripping can be wrapped around the jaws of an offset trap. An Oneida Victor No. 3 trap thus transformed, will not harm or even pain the fingers of a person accidentally caught; nor can the fingers be set free without aid from a third party. The cost to the trapper of this minor adjustment is less than 40 cents per trap.

The feasibility of banning leg-hold traps is already well established. The States of Florida and Hawaii have taken such action and in New Jersey and Alabama the use of leg-hold traps is so restricted as to require an almost total dependence on instant kill and humane capture devices. In addition, several other States have considered similar legislation in recent years.

While there has been enough experience to evaluate fully the impact of such laws in the United States, other countries provide us with ample evidence that wildlife management programs will not be significantly retarded by passage of this legislation. Eleven countries now prohibit the use of leg-hold traps, including England, West Germany, Chile, and Denmark.

More humane trapping methods can and must be adopted. For too long Government and wildlife management agencies have ignored and evaded the question of humane trapping, because of economic considerations. We must begin to promote the development and use of painless, selective methods of wildlife control and leave behind the antiquated weapons of the past.

Mr. President, the bill I am introducing today would establish an advisory commission of seven members appointed by the Chairman of the Council on Environmental Quality and the Secretary of the Smithsonian to advise the Secretary of the Interior with respect to regulations promulgated under this act. Such regulations shall prescribe acceptable methods of trapping and shall designate the specific traps designed to capture painlessly or to kill instantly.

In addition to establishing national trapping standards, the bill has six other goals: First, to prohibit the use of inhumane traps on Federal lands; second, to prohibit interstate commerce in inhumane traps; third, to prohibit the interstate commerce of products taken from animals which were captured with inhumane traps; fourth, to require the inspection of traps at least once every 24 hours; fifth, to assist individual States in complying with the requirements of the act; and sixth, to encourage the submission by individuals of information leading to the apprehension of any individual violating the provisions of the act.

Finally, I want to emphasize that the bill is not intended to wipe out the trapping industry nor to inhibit unnecessarily predator control programs. The bill itself states in its finding that—

> It is the policy of Congress to prevent this unnecessary suffering through discouraging the use of such traps and devices, but in a manner which shall not prejudice the right of private landowners to protect private property or domestic animals against damage and depredation.

I hope Mr. President, the Senate is willing to act this year on this basic, but too long neglected issue.

I request unanimous consent that the full text of these bills be printed at this point in the RECORD.

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

S. 1222

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Antipoisoning Act of 1975", and that it is the policy of Congress to recognize that the wolf, the coyote, the mountain lion, the lynx, the bobcat, the several species of bear, and other large, wild carnivores native to North America and commonly known as predatory mammals are among the wildlife resources of interest and value to the people of the United States.

DEFINITIONS

SEC. 2. For purposes of this Act—

(a) "Public lands" means all publicly owned lands of the United States;

(b) the term "person" means any individual, organization, or association, including any department, agency, or instrumentality of the Federal Government, a State government, or a political subdivision thereof;

(c) the term "State" means the several States of the Union, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the District of Columbia, but shall not incude any political subdivision of the foregoing entities;

(d) the term "chemical toxicant" means any chemical substance which, when ingested, inhaled, or absorbed, or when applied to, or injected into the body, in relatively small amounts, by its chemical action may cause significant bodily malfunction, injury, illness, or death to animals or man;

(e) the term "predatory animal" means any mammal, bird, or reptile which habitually preys upon other animals;

(f) the term "depredating animals" means any nonpredatory mammal or reptile causing damage to agricultural crops or natural resources;

(g) the term "secondary poisoning effect" means the result attributable to a chemical toxicant which, after being ingested, inhaled, or absorbed by or into, or when applied to or injected into a mammal, bird, or reptile, is retained in its tissue, or otherwise retained in such a manner and quantity that the tissue itself or retaining part if thereafter ingested by man or another mammal, bird, or reptile, produces the effects set forth in subsection (d) hereof; and

(h) the term "field use" means any use on lands not in or immediately adjacent to occupied buildings.

PUBLIC LANDS

SEC. 3. (a) Except as provided in subsection (b) of this section, no person shall—

(1) make field use of any chemical toxicant on any Federal lands for the purpose of killing predatory animals; or

(2) make field use on such lands of any chemical toxicant which causes any secondary poisoning effect for the purpose of killing other mammals, birds, or reptiles.

(b) In any specific instance where either the Secretary of the Interior or the Secretary of Agriculture believes, because of unusual and extraordinary circumstances, that it is imperative to use poisons on public lands for animal control, he shall place a Notice of Intention in the Federal Register at least sixty days prior to the proposed beginning of the program and shall give a public hearing to anyone who wishes to protest the poisoning; the program shall not be begun until a review of the protest is made by the Secretary of the Interior or Secretary of Agriculture, as the case may be, and a detailed explanation of the need of the program is placed in the Federal Register. The use of poison under such a program must be essential—

(1) to the protection of human health or safety;

(2) to the preservation of one or more wildlife species threatened with extinction or likely within the foreseeable future to become so threatened; or

(3) to the prevention of substantial irretrievable damage to nationally significant natural resources.

(c) In such emergencies, in the absence of an approved program for control of predatory and depredating animals for the State in question, the Secretary of Interior is authorized to provide technical assistance to a State agency, or to direct Federal personnel to oversee the emergency program.

(d) Any person, including officials, employees, and agents of the United States or any State, who violates the provisions of this section shall, upon conviction for the first offense, be subject to a fine not to exceed $500 or imprisonment not to exceed six months, or both; upon conviction of a second or subsequent offense, violators shall be subject to a fine not to exceed $10,000, or imprisonment not to exceed 12 months, or both.

(e) There are hereby authorized to be appropriated for the purposes of this section not to exceed $400,000 for each fiscal year occurring after fiscal year 1975.

ALTERNATIVE METHODS OF PREDATOR CONTROL

SEC. 4. (a) In order to assist the States in controlling damage caused by predatory and depredating animals and in order to encourage the use by States of methods which are consistent with accepted principles of wildlife management and the maintenance of environmental quality, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to conduct directly or by agreement with qualified agencies or institutions, public and private, a program of research which shall concern the control and conservation of predatory and depredating animals and the abatement of damage caused by such animals. Research objectives, and the program of research authorized by this subsection, shall be developed by the Secretary in cooperation with each of the affected States.

(b) The program of research authorized by subsection (a) hereof shall include, but need not be limited to—

(1) the testing of methods used for the control of predator and depredating animals and the abatement of damage caused by such animals;

(2) the development of effective methods for predator control and the abatement of damage caused by predatory and depredating animals which contribute to the maintenance of environmental quality and which conserve, to the greatest degree possible, the Nation's wildlife resources, including predatory animals;

(3) a continuing inventory, in cooperation with the States, of the Nation's predatory animals, and the identification of those species which are or may become threatened with extinction; and

(4) the development of means by which to disseminate to States the findings of studies conducted pursuant to this section.

(c) The Secretary is authorized to conduct such demonstrations of methods developed pursuant to subsection (b) and to provide such other extension services, including training of State personnel, as may be reasonably requested by the duly authorized wildlife agency of any State.

(d) There are hereby authorized to be appropriated for the purposes of this section not to exceed $600,000 for each fiscal year occurring after fiscal year 1975.

SEC. 5. (a) In furtherance of the purposes of this Act, the Secretary is authorized to provide in the three fiscal years following enactment financial assistance to any State which may annually propose to administer a program for the control of predatory and depredating animals. To qualify for assistance under this section, any such State program must be found by the Secretary to meet such standards as he may, by regulation, establish except that—

(1) the Secretary shall not approve any such State program which entails the field use of chemical toxicants for the purpose of killing predatory animals or the field use of any chemical toxicant which causes any secondary poisoning effect for the purposes of killing other mammals, birds, or reptiles; and

(2) the Secretary may approve a temporary State program which entails such emergency use of chemical toxicants as he may authorize, in each specific case, for the protection of human health or safety; the preservation of one or more wildlife species threatened with extinction or likely within the foreseeable future to become so threatened, or for the prevention of substantial irretrievable damage to nationally significant natural resources. Such approval will not be made until in each specific case he makes a written finding, following consultation with the Secretaries of the Interior, Agriculture, and Health, Education and Welfare, and Administrator of the Environmental Protection Agency, that an emergency exists that cannot be dealt with by any means which do not involve the use of chemical toxicants. Prior to his decision to approve or disapprove, the Secretary shall publish notice in the Federal Register of each proposed emergency use being considered under this section. Such notice shall invite the submission from interested parties, within thirty days after the date of notice, of written data and or views with respect to the proposed emergency use.

(b) An annual payment under subsection (a) hereof may be made to any State in such amount as the Secretary may determine except that—

(1) no such annual payment shall exceed an amount equal to 75 per centum in the first year, 50 per centum in the second year, or 25 per centum in the third year, of the cost of the program approved under subsection (a) hereof;

(2) no such annual payment to any State shall exceed $300,000 in the first fiscal year following enactment, $200,000 in the third fiscal year following enactment;

(3) no payment otherwise authorized by this section shall be made to a State whose share, in whole or part, of the cost of the program approved under subsection (a) hereof is to be paid from funds not appropriated by its legislature; and

(4) not more than 10 percentum of the State share may be from funds derived from sale of hunting, fishing, and trapping licenses or permits.

(c) There is hereby authorized to be appropriated for the purposes of this section $3,000,000 in fiscal year 1976, $2,000,000 in fiscal year 1977, and $1,000,000 in fiscal year 1978.

CONTROL OF POISONS

SEC. 6. (a) It shall be unlawful to manufacture, distribute, offer for sale, hold for sale, sell, ship, deliver for shipment, deliver, receive or use any compound of thallium sulfate, sodium cyanide, strychnine, or sodium monofiuoracetate for field use in predator control programs.

(b) In addition to existing authority under the Federal Insecticide, Fungicide and Rodenticide Act, the Environmental Protectino Agency shall establish a system of record keeping and licensing to record the possession and use of all compounds and chemicals encompassed in subsection (a).

(c) The Environmental Protection Agency is authorized to purchase the compounds and chemicals in section (a) from any persons who possess them upon enactment of this Act but whose continued possession becomes unlawful under the Act or regulations issued thereunder.

(d) Any person convicted of any violation of subsection (a), or of any regulation promulgated thereunder, shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 7. Heads of Federal departments, agencies, or establishments are hereby authorized to issue such regulations as may be necessary to carry out the purposes of this Act.

SEC. 8. There is hereby repealed in its entirety the Act of March 2, 1931 (7 U.S.C. 426–426(b)), pertaining to the eradication and control of predatory and other wild animals.

SEC. 9. Nothing in this Act shall be construed as superseding or limiting the authorities and responsibilities of the Administrator of the Environmental Protection Agency under the Federal Insecticide, Fungicide, and Rodenticide Act, as amended.

SEC. 10. Except as otherwise provided in sections 3, 4, and 5 hereof, there is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

S. 1223

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress finds and declares that vast numbers of wild and domestic mammals and birds, including family pets and valuable hunting dogs, are needlessly maimed and exposed to prolonged and painful suffering through the use of steel leghold traps, and other painful, sublethal devices used to trap or otherwise capture mammals and birds. It is the policy of Congress to prevent this unnecessary suffering through discouraging the use of such traps and devices, but in a manner which shall not prejudice the right of private landowners to protect private property, or domestic animals on private property, against damage and depredation.

SEC. 2. As used in this Act, the term—

(1) "trap" means any trap, snare, net, or other device designed to trap or capture any mammal or bird;

(2) "approved trap" means any trap which is designed to trap or capture any mammal or bird in a manner by which the mammal or bird is either captured painlessly or killed instantly, and which meet the standards and criteria contained in the regulations promulgated by the Secertary pursuant to section 3 of this Act;

(3) "person" means any individual, partnership, association, corporation, or other entity; and

(4) "interstate or foreign commerce" shall have the same meaning as that provided under section 10 of title 18, United States Code.

SEC. 3. (a) (1) As soon as practicable following the date of the enactment of this Act, but in no event later than one hundred and twenty days following such date, the Secretary of the Interior (hereinafter referred to as the "Secretary") shall, in consultation with the affected heads of other departments and agencies of the United States, issue, and revise from time to time, regulations relating to the trapping and capturing of mammals and birds thereon. Such regulations shall prescribe acceptable means and methods for trapping and capturing mammals and birds on the Federal lands in a humane manner. Such regulations shall contain standards and criteria setting forth the type of trap determined by the Secretary to be a trap which either captures painlessly or kills instantly any mammal or bird caught therein, and which, to the extent practicable, minimizes the possibility of trapping mammals and birds not intended for capture. Regulations promulgated pursuant to this section shall be published in the Federal Register. The Secretary is authorized to conduct such tests as may be necessary to enable him to carry out his duties under this Act.

(2) Any person violating any such regulation shall be fined not more than $500 or imprisoned not more than one year, or both.

(b) (1) An advisory commission of seven members shall be appointed by the Chairman of the Council on Environmental Quality, in consultation with the Secretary of the Smithsonian Institution, to consult with, and to advise and make recommendations to, the Secretary with respect to traps designed or intended for use in trapping or capturing mammals or birds, including regulations of the Secretary. The commission shall further supervise any and all tests carried out pursuant to subsection (a) of this section.

(2) Members of such commission shall receive no compensation as such for their service as members of the commission but may be reimbursed for expenses actually incurred by them in the performance of their duties under this Act.

SEC. 4. (a) Whoever sells, ships, transports, or carries, or causes to be sold, shipped, transported, or carried, in interstate or foreign commerce, any trap designed or intended for use in trapping or capturing mammals or birds, or both, which is not an approved trap, shall be fined not more than $5,000 or imprisoned not more than one year, or both; and such trap shall be forfeited to the United States.

(b) Interstate or foreign shipment of any hide, skin, or feathers taken from a mammal or bird which has been captured on any lands with a trap other than an approved trap, or any product made from such hide, skin, or feathers, shall be prohibited. The Secretary of Interior shall publish regulations for the enforcement of this subsection. Any person violating the regulations or this subsection shall be fined not more than $5,000 or imprisoned not more than one year, or both; and such hides, skins feathers, or products thereof shall be forfeited to the United States.

(c) Whoever, upon any of the Federal lands, places or causes to be placed any trap other than an approved trap for the purpose of trapping or otherwise capturing any mammal or bird, or who, having so placed or caused to be so placed an approved trap, fails to inspect and empty such trap or fails to cause such trap to be inspected or emptied, at least once every twenty-four hour period, shall be fined not more than $5,000 or imprisoned not more than one year, or both; and such trap shall be forfeited to the United States.

SEC. 5. In any violation of subsection (d) of section 4 of this Act involving the placing or causing to be placed of any trap other than an approved trap upon any of the Federal lands, the appropriate Secretary shall, with respect to any person so convicted of such violation, immediately take such action as may be necessary to suspend, revoke, or otherwise terminate any lease, license, contract, permit, or other agreement involved in or connected with such violation, between such person and the United States.

SEC. 6. (a) On and after the effective date of this section, no action involving the trapping or capturing of animals and birds shall be carried out on any Federal lands unless such action is (1) otherwise authorized by or pursuant to any Federal law, (2) carried out in accordance with a program or activity conducted or supervised by Federal or State personnel, designed for the purpose of conserving or controlling, predatory or other wild mammals or birds, (3) carried out by means of an approved trap, and (4) in compliance with regulations promulgated pursuant to section 3 of this Act.

(b) Any person violating this section shall be fined not more than $5,000 or imprisoned not more than one year, or both.

SEC. 7. On and after the effective date of this section, no Federal agency shall (1) engage in any program or activity which aids, subsidizes, or encourages the trapping or capturing of wild mammals or birds for recreational or commercial purposes, or (2) assist, financially or otherwise, any State or political subdivision thereof in connection with any program or activity of that State or subdivision involving the trapping or capturing of wild mammals or birds for recreational or commercial purposes.

SEC. 8. Notwithstanding the provisions of section 7 of this Act, the Secretary is authorized to enter into cooporative agreements with any affected State or political subdivision of a State pursuant to which the Secretary shall be authorized to assist such State or subdivision financially or otherwise to enable it to comply with the requirements of this Act. Such financial assistance may be provided in such amounts, in such manner, and subject to such conditions as the Secretary may prescribe.

SEC. 9. (a) Subsections (a) and (d) of section 4, sections 5 and 6, regulations promulgated by the Secretary pursuant to section 3 shall take effect upon the expiration of the one hundred and eighty day period following the date of the enactment of this Act.

(b) Subsections (b) and (c) of section 4 shall take effect upon the expiration of the twenty-four month period following the date of the enactment of this Act.

(c) This section, the first section, and sections 2, 3, 7, 8, 10, and 11 shall take effect upon the date of the enactment of this Act.

SEC. 10. The Attorney General of the United States is authorized to pay any individual an amount not to exceed $10,000 for information and services furnished by such individual concerning any violation of this Act. Any officer or employee of the United States or of any State or local government who furnishes information or renders service in the performance of his official duties shall not be eligible for payment under this section.

SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. CURTIS:

S. 1225. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs. Referred to the Committee on Finance.

Mr. CURTIS. Mr. President, today I am introducing a bill to repeal the section of the Social Security Amendments of 1970 which called for establishment of Professional Standards Review Organizations, to oversee the activities of the medical profession.

I do not believe that any Federal legislation is necessary for the doctors of the country to set up their own peer review mechanism.

I strongly believe that to allow this practice to continue will hamper and interfere with the practice of medicine to the detriment of the patient.

My interest in the Professional Standards Review Organization goes back to the very first day that it was proposed. When it was first discussed, it was referred to as "peer review." The word "peer" no longer appears in the law or in the regulations.

Webster defines peer as "one of the same rank, quality, endowments and characteristics." In other words, a doctor's peers are other doctors possessing the same professional training, knowledge, and skills as the man whose actions are to be judged.

None of us would have any real objection to having medical doctors set up such peer review as they might choose. Such efforts preserve the good name of the medical profession. Whenever action is taken to prevent abuses in the Government's medical programs, it helps all taxpayers, and doctors are taxpayers.

I am firmly convinced, however, that the medical profession, or any profession, can best function in advancing the ethics of that profession and protecting the public when it is done without the interference or intrusion of government.

Many people were drawn into supporting PSRO because they felt they were supporting a proposal for peer review in the medical profession.

PSRO is not "peer." It is government review, regulation and control in the practice of medicine. The PSRO provision is 17 pages long, in fine print.

I checked out every place in those 17 pages where the Secretary of Health, Education, and Welfare is authorized to take action to make a decision or formulate regulations. These delegations of power in the 17 pages number 68.

Now when power is delegated to the Secretary of HEW, it is well known that the Secretary cannot personally exercise that power. It means the delegation of power to an unnamed, unelected, and oftentimes uncontrollable bureaucracy.

This PSRO provision was first passed by the Senate in 1970, although it did not become law until 1972. When it was presented in the Finance Committee, I attempted to get it rejected. Unfortunately, there were many in that room who without fault of their own were, in my opinion, the recipients of misinformation on two counts. First, they thought it was a plan for real peer review. Second, they thought it had the support of some of the major medical organizations.

On December 28, 1970, when this bill was before the Senate, I offered a motion to strike the section from the bill. Referring to this section, I then said:

Mr. President, we ended up with 39 pages or thereabouts on peer review which really has not had the attention that it ought to have. I am not opposing peer review as such. I oppose the language used.

If we wish to examine some of the language, if we turn to page 234 in the bill, it will be seen that this peer review organization will have a lot of authority to police the practice of medicine insofar as these Government programs are concerned.

On page 234, lines 10 through 11 are in line with the idea that the medical profession should police the medical profession. But if we look at lines 20 through 24, we see who else would police the medical profession.

I read what it says: "Such other public, nonprofit private, or other agency or organization, which the Secretary determines, in accordance with criteria prescribed by him in regulations, to be of professional competence and otherwise suitable; . . ."

It gives to the Secretary the power to select any organization he wants to tell the doctors how to practice, when a person should go to the hospital, when the facilities are adequate, and many other far-reaching questions.

I contend that would enable the Secretary to turn to an organization of some crusader, such as Ralph Nader, or anyone else, to police the medical profession.

I call attention to some other language on pages 237 and 238. There is some very deceptive language there. It reads:

"No Professional Standards Review Organization shall utilize the services of any individual who is not a physician to make final determinations with respect to the professional conduct of any physician, or any act performed by any physician in the exercise of his profession."

The catchword there is "final." We could have an organization with thousands of clerks who could take a blue pencil and direct the practice of medicine, if we had one doctor at the top. That doctor would have to be a practicing physician if he has been to medical school and has a license. He puts his initials on the final paper and that will determine how the medical profession shall treat the patients.

Such language should not be agreed to in the closing days of this Congress. Surely, we should have peer review but not that kind.

Mr. President, among other things, a peer review organization will have authority to require a doctor treating patients to get permission before they have what is called elective surgery. Who would be the members of the review organization? Nobody knows because there is a blank check of authority to select any group which the Secretary chooses.

This has the real possibility that the bureaus can police the medical profession. I am not here pleading a case for the doctors. By and large they are well-educated people who take care of themselves. I am concerned about the patients.

When Medicare was adopted, the people were promised over and over again there would be no interference with the doctor-patient relationship; that they would not be treated in groups but that every individual would have free access to his doctor, unhampered by rules and regulations that told the doctor what decisions to make, when to operate, what medicines to prescribe, and so forth.

Later on in the debate, I said:

Mr. President, I point the finger at no one, and make no criticism of our committee. We had too much work to do at one time. But I submit that this amendment, consisting of 39 pages, was never read in the committee, it was never read by a staff member to the committee, there was no time after it was printed that a staff member was turned to and asked to go over it section by section. It has language in it that will do things other than that which the proponents would like to have done.

I made a very serious charge, a charge I did not like to make. You may be surprised to know that my assertion was not disputed that day or since. I hasten to add that I impugn no individual in this matter. The massive amount of work that we are called upon to do means that all of us are called upon to pass judgment on matters when there is no earthly way to pursue them in the manner that we would like to.

But it is not too late to undo what we have done. I am seeking repeal of PSRO legislation because I do not believe it was ever the legislative intent of this Congress to seek bureaucratic, governmental policing of the medical profession.

It is a dangerous game we are playing. It is time to get out of it.

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

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

S. 1225

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part B of title XI of the Social Security Act (as added by section 249F of the Social Security Amendment of 1972) is repealed.

SEC. 2. Title XI of the Social Security Act is further amended—

(1) by striking out "AND PROFESSIONAL STANDARDS REVIEW" in the heading; and

(2) by striking out "PART A—GENERAL PROVISIONS" immediately before section 1101.

By Mr. BEALL:

S. 1226. A bill to amend subchapter II of chapter 73 of title 10, United States Code, to eliminate, during periods when a person entitled to retired or retainer pay is not married, the reduction in the retired or retainer pay of such person made to his surviving spouse with an annuity. Referred to the Committee on Armed Services.

Mr. BEALL. Mr. President, I send to the desk a bill to amend the so-called Widows Equity Act, Public Law 92-425, which was enacted in 1972 and which was designed to provide the surviving spouse a portion of the retirement pay of career military personnel. I was pleased to have been the principal author of this landmark bill in the Senate, which is one of the most important laws for the career military personnel and their families.

The measure I introduce today amends Public Law 92-425, to eliminate the reduction in the annuity taken by the retired military individuals in order to provide for the surviving spouse, whenever the annuitant is no longer married.

I have drafted this legislation to follow the legislation enacted last year, Public Law 93-474, which eliminated the reduction for Federal civilian retirees under the civil service retirement system. That law, as does my bill, also provided for reinstitution of the reduction if the retiree subsequently remarried. The same provisions extended to civilian retirees should now be extended to military retirees.

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

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

S. 1226

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1452 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(g) Notwithstanding any other provision of this section, the retired or retainer pay of a person which is reduced under this section to provide an annuity for the spouse of such person shall, for each full month during which person is not married, be recomputed and paid as if the retired or retainer pay of such person had not been so reduced. Upon remarriage of such person, the retired or retainer pay shall be reduced by the appropriate percentage reduction.".

SEC. 2. The amendment made by this Act shall apply to retired or retainer pay which commences before, on, or after the date of enactment of this Act, but no increase in retired or retainer pay shall be paid for any

period prior to the first day of the first month which begins on or after the date of enactment of this Act.

By Mr. BEALL (for himself, Mr. SCHWEIKER, and Mr. STAFFORD):

S. 1229. A bill to amend the Higher Education Act of 1965 to decrease the amount of defaults under the guaranteed student loan program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. BEALL. Mr. President, on behalf of Senators JAVITS, SCHWEIKER, and STAFFORD, I am pleased to introduce today an administration bill which will make several much needed improvements in the guaranteed student loan program. This program is a model of Federal-State cooperation in delivering needed Government assistance to give financial assistance to students seeking postsecondary education. Many States have a record of service in guaranteeing student loans which predates Federal entry to this area. In 1965, the Federal Government began a program to encourage State programs, and to provide a direct guaranteed loan program where States had none.

This State-Federal cooperation has enabled over 4 million individuals to borrow over $8 billion in private capital to defray educational expenses. The principles of private financing and intergovernmental cooperation have been well served by these guaranteed student loan programs.

Notwithstanding the overall success of the guaranteed student loan program, we must address and face up to the very serious and continuing problem of student defaults. The national default rate is estimated at 18 percent and the overall rate, which includes both the Fedral and State programs, is 11.3 percent.

It should be pointed out that this is an estimate of the incidents of default and additional collection could ultimately reduce the Federal Government's loss. The magnitude of the problem is clear by the Department of Health, Education, and Welfare's request to the Appropriations Committee for approximately $200 million to pay for such defaults. Obviously, such defaults drain needed resources and undermine this execellent program and action must be taken to correct the problem.

Some of the difficulties are administrative, particularly at the Federal level. A number of administrative steps have been taken, but it is also clear that additional legislative changes are required. The bill I am introducing provides for a number of improvements to the existing law which will allow better administration of the program. The measure is designed to combat defaults, and strengthen this program which has helped so many Americans improve themselves through further education. The guaranteed student loan program is an important one; it must be improved so that it may continue to fill its vital role.

Specifically, the bill's eight major provisions would:

First. Prevent defense from repayment by reason of infancy state of borrower.

Second. Ease minimum repayment period of loan when agreeable to lender and borrower.

Third. Provide lower monthly payment for two spouses both having loans.

Fourth. Encourage lenders to make multiple disbursements, thus lowering default if educational program is not completed.

Fifth. Require improved procedure for keeping records of borrower addresses and enrollment status.

Sixth. Prohibit future participation in guaranteed loan program and basic opportunity grant porgram for previous defaulters—after provision for consideration of extraordinary circumstances.

Seventh. Amend Bankruptcy Act to exclude discharge of guaranteed student loans for 5-year period following school departure.

Eighth. And most importantly, exclude proprietary educational institutions from participating as direct lenders in the program.

I want to call particular attention to this last provision which excludes proprietary schools as lenders. It should be emphasized, however, that proprietary schools and their students would still participate in the program provided other institutions were functioning as lenders.

There is no question that action must be taken to combat the higher default rate. I believe that the large majority of our schools, proprietary and public and private nonprofit, have participated in the program within the letter and spirit of the law. But some schools, including public and private nonprofit and proprietary institutions are abusing and damaging the guaranteed loan program. No single sector of participants is solely responsible for abuses; however, it is true that the default rate has been generally higher and more serious in the proprietary sector.

Articles by the Washington Post and other newspapers have documented abuses by some in the proprietary sector. These articles pointed out the pressure and economic incentives that lead to certain abuses by some proprietary schools. The nature of the economic incentives for proprietary schools to participate as lenders is, however, different from the incentives for nonprofit institutions, both public and private. The incentive to make a federally guaranteed student loan to a student who cannot adequately benefit from the educational training is very compelling to proprietary schools. While some might argue that the same incentive applies to all schools, the program experience suggests that schools operated for profit are significantly more susceptible to this pressure. In some instances, this incentive has turned schools from the educational training is very profit, and has induced some to ignore educational quality in favor of increasing profits.

We need to examine this position carefully, to determine an alternative which would weed out the bad actors, without punishing the proprietary schools whose record is equal to or better than the nonproprietary sector of postsecondary education.

For example, we may be able to say if your default rate is above a certain level, you cannot participate as a lender. Or, we could say if your default rate is above a certain level, a presumption is created that your record no longer justifies your involvement as a lender. A hearing could be granted for the school facing the loss of his lenders status to explain why his default rate was higher—the school could contend that it was taking four times as many high risk students—and a decision reached following such hearing.

I would want to make two final points with respect to proprietary institutions.

First, most proprietary institutions are educationally responsible and provide a vital and increasingly important sector to the diverse scope of postsecondary education in this country. One of the great strengths of the American postsecondary system is this diversity. Thus, we must be cautious not to sacrifice the strength which proprietary institutions bring to the postsecondary education field.

Second, elimination of lending by proprietary schools might remove access to postsecondary education for many students who will benefit from such training.

Our task is to weigh the potential loss in diversity and access in education against the much needed administrative improvements in the loan program, and I hope the Education Subcommittee will give early attention to this problem.

Mr. President, I ask unanimous consent that the text of the bill, a summary of the measure, the letter of transmittal and Commissioner of Education Bell's recent testimony before the Education Subcommittee on this measure, be printed in the RECORD.

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

S. 1229

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Student Loan Amendments of 1975".

ELIMINATION OF THE DEFENSE OF INFANCY WITH RESPECT TO FEDERALLY INSURED STUDENT LOANS

SEC. 2. (a) Section 427(a)(2)(A) of the Higher Education Act of 1965 is amended by striking out "except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, endorsement may be required,".

(b) Section 427 of such Act of 1965 is further amended by adding at the end thereof the following new subsection:

"(d) No borrower who is otherwise eligible for a loan insured by the Commissioner under this part shall be under legal disability, by reason of minority, to execute a note or other written agreement for that purpose, and no such note or other written agreement may be disavowed because of the minority of such borrower.".

MINIMUM REPAYMENT PERIOD

SEC. 3. (a)(1) Section 427(a)(2)(B) of such Act is amended by inserting "or unless the student, during the 9- to 12-month period preceding the start of the repayment period, specifically requests that repayment be made over a shorter period" immediately

following "repaid" in the second parenthetical.

(2) Such section is further amended by striking out "and" after clause (ii) and by inserting after clause (iii) "and (iv) that in the event a student has requested and obtained a repayment period of less than five years, he may at any time prior to the total repayment of the loan have the repayment period extended so that the total repayment period is not less than five years,".

(b)(1) Section 428(b)(1)(D) of such Act is amended by inserting "(unless the student, during the 9- to 12-month period preceding the start of the repayment period, specifically requests that repayment be made over a shorter period)" immediately following "not less than five years".

(2) Such section is further amended by inserting "(I)" after "except that" and by inserting before the semicolon ", and (ii) if a student has requested and obtained a repayment period of less than five years, he may at any time prior to the total repayment of the loan have the repayment period extended so that the total repayment period is not less than five years.".

MINIMUM ANNUAL PAYMENT FOR MARRIED COUPLES

SEC. 4. (a) Section 427(c) of such Act is amended by inserting immediately before the period at the end thereof a comma and "except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $360 or the balance of all such loans, whichever is less".

(b) Section 428(b)(1)(K) of such Act is amended by inserting immediately before the semicolon ", except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $360 or the balance of all such loans, whichever is less".

INTEREST SUBSIDY ON MULTIPLE DISBURSEMENTS

SEC. 5. (a) The first sentence of section 428(a)(3) of such Act is amended to read as follows:

"(3)(A) Except as provided in subparagraph (C) of this paragraph, the portion of the interest on a loan which a student is entitled to have paid on his behalf and for his account to the holder of the loan pursuant to paragraph (1) of this subsection shall be equal to the total amount of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 427(a)(2)(C) or section 428(b)(1)(L); but except as provided in subparagraph (C) of this paragraph, such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his behalf for that period under any State or private loan insurance program.".

(b) Section 428(a)(3) of such Act is amended by adding the following new subparagraph at the end thereof:

"(C)(i) In the case of any eligible lender (other than an eligible institution or an agency or instrumentality of a State), which is approved by the Commissioner pursuant to division (ii) of this subpargraph for the purpose of authorizing multiple disbursements and which enters into a binding agreement with a student to make a loan (I) for which the student is entitled to have a portion of the interest paid on his behalf under this section and (II) the proceeds of which loan are to be paid to the student in multiple disbursements over the period of enrollment for which the loan is made, but not to exceed 12 months, the amount of the interest payment which such lender may be paid under this section shall be determined as if the entire amount to be made available for that period of enrollment had been disbursed on the date on which the first installment thereof was disbursed: *Provided,* That this subparagraph shall apply only in the case of loans paid in installments, in accordance with regulations of the Commissioner, based on the needs of the student for the proceeds of such loan over the course of the academic year.".

"(ii) The Commissioner may approve an eligible lender for the purposes of this subparagraph if he determines—

"(I) that such lender is making or will be making a substantial volume of loans on which an interest subsidy is payable under this section, and

"(II) that such lender has sufficient experience and administrative capability in processing such loans to enable the lender to make such multiple disbursements in accordance with regulations issued by the Commissioner under this subparagraph.

AVAILABILITY OF STUDENT ADDRESS AND ENROLLMENT DATA

SEC. 6. Section 438(a) of such Act is amended by redesignating paragraph (3) as paragraph (4) and inserting the following new paragraph after paragraph (2):

"(3) the establishment by each eligible institution of policies and procedures under which the latest known address and enrollment status of a student who has received a loan insured under this part or insured by a State or nonprofit private institution or organization with which the Commissioner has an agreement under section 428(b) are made available, upon request, to the Commissioner, to the State or nonprofit private institution or organization which has insured such loan, to the lender who made such loan, or to the holder of such loan;".

INELIGIBILITY OF DEFAULTING STUDENT FOR FURTHER STUDENT ASSISTANCE

SEC. 7. Section 430 of such Act is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) No student—

"(1) who has been determined by the Commissioner to have defaulted on any student loan made or insured by the Commissioner under this title or insured by a State or nonprofit private institution or organization with which the Commissioner has an agreement under section 428(b), and

"(2) who has not subsequent to such default repaid the entire amount owed on such loan or made arrangements satisfactory to the holder of such loan to resume payments thereon

shall be eligible to receive (A) a subsequent loan insured by the Commissioner under this title or insured by a State or nonprofit private institution or organization with which the Commissioner has an agreement under section 428(b) or (B) a basic educational opportunity grant under section 411 of this Act. The Commissioner shall not make any determination under this subsection until he has given the student affected by such determination notice and opportunity to show cause why such determination should not be made. The Commissioner may decline to make such a determination if he finds that the circumstances leading to the prior default of the student were beyond the control of such student.".

ELIMINATION OF PROPRIETARY INSTITUTIONS AS ELIGIBLE LENDERS

SEC. 8. Section 435(g) of such Act is amended (1) by inserting "which is a public or other nonprofit institution" immediately following "eligible institution", and (2) by inserting at the end thereof the following new sentence: "In the case of a student who, prior to June 30, 1975, has received a loan insured or guaranteed under this part from an eligible institution other than a public or nonprofit institution, the term also includes such an institution to the extent that it makes a loan to such a student prior to June 30, 1978, to enable him or her to continue or complete his or her educational program.".

DISCHARGEABILITY IN BANKRUPTCY OF EDUCATIONAL LOANS

SEC. 9. Subdivision a. of section 17 of the Bankruptcy Act (11 U.S.C. 35(a)) is amended (1) by striking out "or" following clause (7), (2) by striking out the period following clause (8) and substituting "; or", and (3) by adding at the end of the subdivision the following new clause:

"(9) are for principal of, interest on, or fees or other charges associated with, a loan for an educational purpose made or insured by a nonprofit private institution or organization with which the Commissioner of Education has an agreement under section 428(b) of the Higher Education Act of 1965 with respect to the loan, unless the petition is filed on a date more than five years after the date on which the first repayment installment of that loan was due.

SUMMARY OF THE STUDENT LOAN AMENDMENTS OF 1975

Section 2 of the draft bill would amend section 427(b) of the Higher Education Act of 1965 by adding a new subsection providing that the defense of infancy would not be available with respect to Federally insured student loans.

Section 3 would provide that in both the State and Federal student loan insurance programs, the student may waive the minimum five-year repayment period by requesting that the note provide for repayment over a shorter period. At any time before total repayment, the borrower would be able to have the shortened period of repayment extended to a total of five years.

Section 4 would provide that in the case of a husband and wife, both of whom have student loans outstanding, the combined minimum annual payment on those loans would be the same as for a single person—$360 per year, rather than $720 per year. This provision would apply to both the State and Federal student loan insurance programs.

Section 5 would authorize certain lenders to receive interest subsidy payments on the entire amount of a loan to a student for a given academic year, even though the lender disburses such loan in installments over the course of that year. By providing the interest subsidy on the entire loan, lenders would be encouraged to make multiple disbursements. In the event that the student left school before the end of the academic year and before all of the loan had been disbursed, the amount of any potential default would thereby be reduced. Any lender desiring to receive such interest payments on the basis of multiple disbursements would be required to be approved by the Commissioner.

Section 6 would require each eligible institution to establish policies and procedures to provide the latest known address and enrollment status of a student borrower to the Commissioner, a State or nonprofit private institution or organization which has insured his loan, or the lender.

Section 7 would provide that any student who defaults on a guaranteed student loan would thereafter be ineligible to receive a basic grant or another guaranteed student loan unless he subsequently repaid the loan

in full or made satisfactory arrangements for repayment.

Section 8 of the bill would modify the definition of "eligible lender" to exclude proprietary institutions from that term. However, such institutions could continue to be lenders until June 30, 1978, with respect to those students to whom they have already made loans and who need additional loans to continue or complete their educational program.

Section 9 of the draft bill would amend section 17 of the Bankruptcy Act to provide that educational debts would be exempt from discharge in bankruptcy during the in-school period and the first five years of repayment.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
February 27, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill, "To amend the Higher Education Act of 1965 to decrease the amount of defaults under the guaranteed student loan program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes."

The purpose of the enclosed draft bill is to amend the guaranteed student loan program under title IV of the Higher Education Act in a number of ways that would, in our opinion, reduce the default rate under that program. As you are aware, the number of defaults has been growing at an alarming rate over the last few years.

The most important of our proposals are (1) an incentive offered to lenders to encourage the multiple disbursement of loans over the course of a school year, (2) a provision to eliminate proprietary schools as eligible lenders, and (3) an amendment to the Bankruptcy Act to make student loans nondischargeable in bankruptcy during the five-year period after the first installment thereon becomes due. The draft bill also contains a proposal to make any student who defaults on a guaranteed student loan ineligible to receive a basic educational opportunity grant or any further guaranteed loans unless the loan is repaid or other special circumstances exist.

We realize that programs authorized under the Higher Education Act will be considered for extension during this Congress. We feel, however, that the growing default rate is a matter of such urgency that separate and early consideration of these and any other proposals designed to reduce that rate is essential.

We therefore urge the prompt and favorable consideration of this draft bill. A section-by-section summary of the draft bill is enclosed for your convenience.

We are advised by the Office of Management and Budget that enactment of this draft bill would be in accord with the program of the President.

Sincerely,

STEPHEN KURZMAN,
Acting Secretary.

STATEMENT BY THE HONORABLE T. H. BELL

(Commissioner Bell is accompanied by: Charles M. Cooke, Jr., Deputy Assistant Secretary for Legislation (Education), DHEW; Edward T. York, Jr., Deputy Commissioner, Office of Management, OE; and Kenneth A. Kohl, Associate Commissioner, Office of Guaranteed Student Loans, Office of Management, OE)

Mr. Chairman and Members of the Subcommittee: I am happy to appear before you today to discuss the Administration's legislative proposals "To amend the Higher Education Act of 1965 to decrease the amount of defaults under the Guaranteed Student Loan Program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes."

Before discussing our new proposed legislation, let me bring you up to date on certain matters. In September, I testified before this subcommittee with the major emphasis on the default problem and the administrative actions which were being taken and those which were contemplated in the future. We also provided you with statistical data on the federally insured phase of the program, and emphasized that this should not be confused with data relating to loans guaranteed by State and private nonprofit agencies. And finally, we indicated that resolution of the operational difficulties incurred in the Guaranteed Student Loan Program were dependent upon reliable information, adequate resources, and proper regulations.

In connection with regulations, we should report several developments. On October 17, we published in the Federal Register proposed regulations which, for the first time, set forth requirements and standards with which educational institutions would have to comply in order to participate in the Guaranteed Student Loan Program. These same regulations also set forth detailed due process procedures for the limitation, suspension or termination of any postsecondary institution or federally insured lender which do not comply with the regulations. Public hearings were held in Washington, D.C., Chicago and San Francisco on the proposed regulations. As a result of the comments received, both at the hearings and in writing, numerous changes were made and final regulations were published in the Federal Register on February 20. We are convinced that these new regulations will do much to reduce the default problem by providing (1) that students receive better information about schools and colleges before enrolling, (2) that each participating educational institution maintains a fair and equitable refund policy and that refunds are paid on a timely basis, (3) that institutions providing vocational, trade or career programs utilize appropriate admissions criteria and provide students with relevant employment information, (4) that correspondence schools provide students with a schedule setting forth what is required in submitting lessons, and also further clarify when withdrawal occurs and repayment commences for such students, and (5) that each educational institution adopt certain procedures and maintain records which will be subject to inspection and audit by the Office of Education in order to determine that an institution is protecting the interests of students and the Federal Government. The regulations also establish new disbursement procedures, clarify some existing definitions and add other new provisions which should improve the administration of the Program.

On February 24, we published a notice in the Federal Register providing an interpretation as to the amount of loss that would be paid by the Federal Government on claims originated by school lenders. The problem has several major aspects, including unpaid refunds and the closing of an educational institution. In the very near future, a proposed regulation will be published in the Federal Register setting forth detailed rules and procedures regarding default claims. This regulation is now in the final clearance stages.

Thus far, we have described both the administrative and regulatory steps taken to attack the default problem. But legislative changes are also needed, and for the last several months we have been studying the problem in order to determine those changes to the enabling legislation that could further reduce the default rate. We would like to clarify at this time the major provisions of the Administration's proposal.

Defense of Infancy Under present law, students may borrow under the federally insured phase of the program without security or endorsement, even though under applicable State law they may be minors. Upon completing their education, some of these students have disavowed their debts on the grounds that their loan was invalid due to their age at the time the note was executed. Most State guarantee agencies do not have this problem because their State laws rule out the defense of infancy. While this is not a major problem, it is a bothersome one. We propose in section 2 of the bill that the Federal program take a similar approach.

Minimum repayment period Present law requires lenders to provide borrowers with a repayment period of not less than five years (and a maximum of ten years) unless to do so would result in annual payments of principal and interest of less than $360, in which case, a shorter term is required. Some students wish to repay their loans in less than five years and, recognizing that more interest is payable over the longer term, have refused to sign notes for the minimum five year term. Section 3 of the proposed legislation would provide that the student may waive the minimum five-year repayment period by requesting that the note provide for repayment over a shorter term. This provision would apply to both State and Federal programs. At any time before total repayment, the borrower would be allowed to have the shortened period extended to a total of five years. In order to prevent any coercion by the lender as a condition for giving a loan, such a waiver may only be required after the student graduates or withdraws from school.

Minimum payment for married borrowers. Present law requires each borrower to repay his loans at an annual rate of not less than $360 (principal and interest). If two students marry, both having loans outstanding, each is required to repay not less than $360 each year. In some cases, this presents a hardship, especially if there are young children and one spouse is unable to work. It is proposed in section 4 of the bill that, in the case of a husband and wife, both of whom have student loans outstanding, the combined minimum annual payment on those loans would be the same as for a single person—$360 a year, rather than $720 a year. This provision would apply to both the State and Federal programs.

Encourage lenders to make multiple disbursements. Many defaults are caused by student dropouts. Because most lenders disburse the loan in a single installment before the academic year begins (to reduce administrative costs), the student dropout has the entire loan to repay, even though he did not complete the academic period for which the loan was obtained. However, if we could encourage lenders to make multiple disbursements, only a portion of the loan would be disbursed to students who drop out early in the academic year, thus substantially reducing the amount of claims paid by the government if such students default. For example, if the $1,500 loan were disbursed in 3 equal installments over the academic year, only $500 would have been disbursed to a student who withdrew in the first quarter of a 3 quarter academic year. If this student subsequently defaulted, the principal amount of the claim would be $500 rather than $1,500 as is now usually the case.

Section 5 of the bill would authorize certain lenders under both State and Federal programs to receive interest subsidy payments on the entire amount of the loan to a student for a given academic year, even though the lender disburses such loan in installments over the course of that year. By providing the interest subsidy on the entire loan, lenders would be encouraged to make multiple disbursements. Any lender desiring to receive such interest payments on the basis of multiple disbursements would be required

to obtain approval from the Commissioner. It should be noted that the cost to the Federal Government would be the same as though the lender had made a single disbursement as almost all now do. We also propose that this provision be limited only to commercial lenders, as school and State agency lenders are not in the loan business to make a profit on the interest yield on student loan paper, and they would be required by our regulations published on February 20 to make such multiple disbursements. Because the result would be to increase commercial lender yield, such lenders should be more willing to make multiple disbursements.

Require educational institutions to provide student address and enrollment data. One of the problems in trying to determine student status or latest address is that certain State laws prohibit the schools from releasing this data without the written consent of the student. In many cases, defaults could be prevented or recoveries made on defaulted loans if schools were required to provide this information. Section 6 of the bill would require each eligible institution to establish policies and procedures to provide the latest known address and enrollment status of a student borrower to the Commissioner, a State or nonprofit private guarantee agency which has insured the loan, or the lender.

Ineligibility of defaulting student for further student assistance. There are students, who, after defaulting on a guaranteed student loan, return at a later date to another or the same educational institution. Some of these students attempt to borrow again under the Guaranteed Student Loan Program and, although there is no data available, could very well apply for and receive a Basic Educational Opportunity Grant. As a general rule, we do not believe that such students should be eligible for further financial assistance under these programs until they have taken care of their loan obligation. Section 7 of the bill provides that any student who defaults on a guaranteed student loan would thereafter be ineligible to receive a Basic Grant or another guaranteed student loan unless he subsequently repaid the loan in full or made satisfactory arrangements for repayment. The Commissioner is required under this provision to give the student an opportunity to show cause why such a determination should not be made and the Commissioner may decline to make such a determination if he finds that the circumstances leading to the prior default of the student were beyond his control. This provision applies both to the Federal and State programs.

Exclude proprietary schools as eligible lenders. In our assessment of the default problem, it has become clear that certain types of lenders have contributed to the problem in a manner that is disproportionate to their volume of loans as compared with other categories of lending institutions. Commercial banks have the best record; educational institutions who are lenders, the worst. The high default and delinquency rates of school and college lenders have been under review for the last few years, and major efforts have been under way to screen their initial participation and provide for an annual review of their lending activities. While this has helped to some extent, problems still persist. For example, we have examined carefully the data derived from our annual "call report" which all lenders are required to submit. This report provides information on loans outstanding, loans in repayment status, and delinquency data on loans in repayment. Delinquency rates are calculated on all loans that are 30 days or more delinquent.

At the end of FY 1973, the national delinquency rate, for all lenders, was 11.73 percent. This applies to both the Federal and the State programs. By the end of FY 1974, this had risen to 13.1 percent, based on preliminary reports out of our system. As a result of our efforts to more closely monitor educational lenders, the delinquency rate for college and university lenders declined from 36.3 percent at the end of FY 73 to 30.8 percent at the end of FY 74. However, with proprietary school lenders, where most of our major efforts were directed, their delinquency rate increased from 38.5 percent at the end of FY 73 to 46.3 percent at the end of FY 74. This figure requires clarification because the call report indicates only loans currently held by the school lender. Many of the proprietary schools have been able to sell their paper to other lenders. We suspect that, if the data were available, the delinquency rate of proprietary school lender's originated paper would be even worse. Because there has been so much movement of proprietary school originated paper, we are unable to have good data on either delinquency or default rates.

We are now convinced that the best solution would be to amend the statutory definition of "eligible lender" to exclude proprietary institutions from that term. Section 8 would make such amendment. We must emphasize that we are in no way suggesting that proprietary school students be excluded from being able to borrow under the program. We feel that prudent administration of the Guaranteed Student Loan Program should recommend that such schools not be permitted to take part as lending institutions. Thus, we would propose that such institutions be permitted to continue to be lenders until June 30, 1978, with respect to those students to whom they have already made loans and who need additional loans to continue or complete their educational programs.

Dischargeability in bankruptcy of educational loans. There has been a growth in student loan bankruptcies from 1,342 totaling $1.6 million in FY 1972 to 2,914 totaling $3.8 million in FY 1974. There has been much criticism in the press over the number of students who borrow under the Guaranteed Student Loan Program and then fail to honor their obligation to repay by taking personal bankruptcy. While as a percentage of total loans or total defaults, bankruptcies are a relatively small part of the problem, in absolute numbers, the growth has been significant. A Congressionally appointed commission considering changes to the bankruptcy laws has recommended to the Congress that education loans be exempt from bankruptcy during the in-school period plus the first five years of repayment. As it may be a long time before the bankruptcy laws are revised, we are proposing a separate amendment to accomplish this purpoes. Section 9 of the bill would amend section 17 of the Bankruptcy Act to provide that educational debts would be exempt during the in-school period and the first five years of repayment. Enactment of this provision will have an immediate effect on reducing the number of bankruptcies in the student loan program. While some students may still default on their loans, such losses may still be recoverable, whereas presently they are not, if the student's debt has been discharged in bankruptcy.

Mr. Chairman, that completes our summary of this legislative proposal. We shall be pleased to answer any questions.

By Mr. WILLIAMS (for himself and Mr. BROOKE):

S. 1231. A bill entitled "The Securities Investor Protection Act Amendments of 1975." Referred to the Committee on Banking, Housing and Urban Affairs.

SECURITIES INVESTOR PROTECTION ACT AMENDMENTS OF 1975

Mr. WILLIAMS. Mr. President, on behalf of Senator BROOKE and myself, I am today introducing a bill to amend the Securities Investor Protection Act of 1970—the 1970 act. This bill, in substantially similar form, was introduced in the last days of the 93d Congress as S. 4255. Any variances from the previous bill are clarifying in nature and have been made at the suggestion of the Securities Investor Protection Corporation—SIPC.

The Congress established the Securities Investor Protection Corporation—SIPC—in the closing days of the 91st Congress. There was then a general recognition of the urgent need for Federal insurance to protect customers against the insolvency of broker-dealers. Indeed, the need was so great that a number of technical problems relating to the procedures for the liquidation of securities firms were left to be worked out after practical experience with the new act.

Since that time SIPC has administered over 100 broker-dealer liquidations, and has ample opportunity to evaluate the operation of the 1970 act.

In November, 1973, the present Chairman of SIPC, Hugh F. Owens, advised the Committee on Banking, Housing and Urban Affairs at the hearing on his confirmation that SIPC would undertake a thorough study of possible amendments to the SIPC Act. Pursuant to this commitment, Chairman Owens appointed a broadly based task force in January of this year to explore better, quicker and more efficient methods of achieving the investor protection and concomitant investor confidence envisaged by the Congress when it passed the 1970 act. The bill I am introducing today has been prepared by SIPC and represents the culmination of the efforts of that task force.

Although modifications may be necessary in certain of SIPC's recommended amendments to the 1970 act, on the whole this bill represents a constructive effort to provide more efficient solutions to the broad range of problems which confront SIPC. I believe this bill goes a substantial way toward improving the protections afforded securities customers and enabling SIPC to perform its role more effectively and efficiently.

The bill would change the 1970 act in nine basic respects:

First, the framework of the SIPC Act would be modified to provide protection which better comports with the expectations of both cash and margin customers. This would be accomplished by moving away from a strict insurance concept and toward a scheme of returning customers' accounts intact as they existed when the broker-dealer became insolvent.

Second, the liquidation trustee would have broader authority to operate the business of the debtor, although he would not be given the authority to attempt to rehabilitate a failed firm.

Third, in appropriate cases, SIPC would have the authority to make payments directly to customers without the necessity for a judicial proceeding.

Fifth, SIPC would itself be the trustee for liquidation of small brokers and dealers.

Sixth, new procedures for the satisfaction of open contractual commitments would be established.

Seventh, the wholesale incorporation

of the Bankruptcy Act into the 1970 act would be eliminated.

Eighth, SIPC would be granted the authority to promulgate rules subject to the SEC's oversight.

And ninth, and perhaps of most importance, the limits of the protection in the SIPC program would be increased from the present $50,000 with no more than $20,000 to be paid in cash, to $100,000 with no more than $40,000 to be paid in cash.

The provisions of the bill are designed to meet the reasonable needs and expectations of the investing public and at the same time to assure faster and more efficient liquidation of failed securities firms. Because of the extreme importance of the 1970 act for the protection of securities customers and the confidence of investors in our securities markets, this bill deserves careful consideration by all members of the securities industry, the Securities and Exchange Commission, the self-regulatory organizations, and interested investors.

One aspect of the bill will require special scrutiny. As presently drafted the bill would eliminate all current exclusions from SIPC membership. As a result, all registered broker-dealers would become members of SIPC and required to pay the statutory assessment. Accordingly, broker-dealers whose sole business is the distribution of mutual fund shares, the sale of variable annuities, the business of insurance, and the business of rendering investment advisory services to one or more investment companies would become SIPC members.

The elimination of the current exclusions from SIPC membership will unquestionably be a controversial recommendation. The SIPC task force was split on the issue. In the course of hearings on the bill, it will be necessary for us to weigh carefully the customer protection which would be provided by the elimination of these exemptions against the financial burden which would be placed on highly specialized broker-dealers. The proposal to include broker-dealer affiliates of insurance companies appears to raise special problems, particularly in light of the absence of any customer losses during SIPC's existence growing out of variable annuity contracts.

Mr. President, I ask unanimous consent that a letter to me from Hugh F. Owens, chairman of the Securities Investor Protection Corporation, and the full text of the bill be printed in the RECORD.

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

SECURITIES INVESTOR PROTECTION CORP.,
Washington, D.C., December 17, 1974.

HON. HARRISON A. WILLIAMS, JR.,
Chairman, Subcommittee on Securities, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: I am pleased to transmit herewith two copies of proposed amendments to the Securities Investor Protection Act of 1970 (15 U.S.C. 78aaa *et seq.*). You may recall that a year I formed a Special Task Force to examine the experience SIPC has had with the 1970 Act and to make recommendations to the SIPC Board of Directors for changes and improvements in the SIPC program. The Task Force was composed of representatives of the Securities and Exchange Commission ("Commission"), the various self-regulatory organizations, trustees who have served in SIPC liquidations, the securities industry itself, and SIPC. It met throughout the first half of this year and issued a comprehensive report to our Board of Directors on July 31, 1974. Copies of that report were sent to you at that time. Most, but not all, of the proposals embodied in the amendments transmitted herewith are the result of recommendations contained in the Task Force Report.

The Board of Directors of SIPC, after reviewing the Task Force Report, directed (with only minor modifications) that the recommendations of the Task Force be drafted into proposed amendments. I am pleased to say that this work has now been finished and the enclosed amendments are the product of that effort which was begun a year ago.

While the proposed amendments are comprehensive and deal with many aspects of the SIPC program, their common purpose is to improve the protection which is made available to investors and to increase the efficiency of the program. This is done principally by adding more flexibility to the procedures for the liquidation of a broker-dealer firm. Certain other changes are recommended which will afford to customers more adequate protection, both quantitatively and qualitatively, and thereby aid substantially in increasing investor confidence in securities firms and in our securities markets. In addition, many of the amendments are designed to deal with technical problems (some major but many minor) which have been experienced in our three and one-half years of operations.

The Board of Directors has asked me to call particularly to your attention one of the recommendations of the Task Force which has generated considerable divergence of views. It is the only matter on which there was any dissenting view filed with the Task Force Report. This is the question of the inclusion of transactions in mutual funds and variable annuities in the assessment base of the SIPC program. Under the present Act, transactions in mutual funds and variable annuities are specifically excluded from the assessment base. Indeed, firms dealing exclusively in this type of business are excluded from membership in SIPC. As the Task Force Report points out, however, SIPC has experienced claims based on transactions in mutual fund shares and has advanced approximately $170,000 to satisfy these claims. For this and other reasons, the Task Force recommended that transactions in mutual funds and variable annuities be included in the SIPC assessment base. As you will note from page 59 of the Task Force Report, the representative of the National Association of Securities Dealers, Inc. dissented from that recommendation.

The SIPC Board of Directors, after reviewing the matter, determined to propose an amendment to accomplish what the Task Force recommended. Should the Congress, however, determine not to adopt such an amendment to the 1970 Act, the SIPC Board of Directors would respectively request the adoption of an amendment which would make it clear that SIPC funds should not be used to satisfy claims based on transactions in mutual funds or variable annuities.

We have tried to work closely with interested groups on these amendments. That would be indicated from the composition of the Special Task Force. We are, of course, pleased that the members of the Task Force, who represented diverse views and organizations, were able to arrive at the consensus which was reached in the Task Force Report. Many of the recommendations represent an appropriate compromising and blending of views and positions in order to obtain the goal of all of us—increased investor confidence because of the existence of a viable and efficient SIPC program. While I cannot speak for any of the organizations (other than SIPC) represented on the Task Force, it is fair for me to point out the unanimity of the views reached by the Task Force. Of special relevance, understandably, are the views of the Commission. We have made available to the Commission drafts of the proposed amendments as they were developed. The staff of the Commission has provided us with certain comments on those drafts. Many of those comments have been incorporated into the proposals transmitted herewith; others will require further discussion between the staffs of our respective organizations.

Finally, I should express to you our great hope that these amendments can receive early consideration by the Congress. We believe this is advisable from the standpoint of the public's interest generally in our nation's securities markets and particularly in the protections afforded to customers by the SIPC program. The timeliness of these amendments is highlighted by the recent doubling in the limits of protection afforded to bank and savings accounts under the FDIC and FSLIC programs. We would particularly note that one of the amendments transmitted herewith would make a corresponding increase in the limits of protection in the SPIC program (from the present $20,000/$50,000 to $40,000/$100,000). In this connection I should call to your attention a recent letter I have received from Commission Chairman Ray Garrett, Jr., which states, "The Commission supports the provisions of the proposed amendments increasing the limits of coverage under the SIPC Act and, in this regard, the Commission welcomes the efforts of SIPC to provide more comprehensive protection to the investing public."

We will be pleased to provide any assistance to you and your staff which may be useful as you review these proposals. We welcome an early opportunity to discuss them with you.

Respectfully,

HUGH F. OWENS.

S. 1231

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

SECTION 1. (a) This Act may be cited as the "Securities Investor Protection Act Amendments of 1975".

(b) Unless otherwise expressly provided herein, each amendment contained in this Act is an amendment to the Securities Investor Protection Act of 1970 and each reference herein to "the Act" is a reference to the Securities Investor Protection Act of 1970.

SEC. 2. The table of contents contained in section 1(a) of the Act is amended as follows—

(1) strike out items (e) and (f) under section 3 and insert in lieu thereof the following:

"(e) Bylaws and rules.";

(2) strike out section 6 and items (a) through (j) thereunder and insert in lieu thereof the following:

"Sec. 6. General provision of a liquidation proceeding.
"(a) Purposes.
"(b) Application of Bankruptcy Act.
"(c) Definitions.
"(d) Costs and expenses of administration.
"Sec. 7. Powers and duties of trustee.
"(a) Trustee powers.
"(b) Trustee duties.
"(c) Reports by trustee to court.
"(d) Investigations.

"Sec. 8. Special provisions of a liquidation proceeding.
"(a) Customer related property.
"(b) Purchase of securities.
"(c) Close-outs.
"(d) Transfer of customer accounts.
"(e) Payments to customers.
"(f) Notice and claims.
"Sec. 9. SIPC advances in a liquidation proceeding.
"(a) Advances for customers' claims.
"(b) Other advances.
"(c) Discretionary advances.
"Sec. 10. Direct payment procedure.
"(a) Determination regarding direct payments.
"(b) Notice.
"(c) Payments to customers.
"(d) Effect on claims.
"(e) Jurisdiction of district courts.
"(f) Discontinuance of direct payments.
"(g) Effect on SIPC.";

(3) redesignate section 7 as section 11;

(4) insert after item (d) under section 11 as redesignated the following:

"(e) Financial responsibility rules.";

(5) redesignate section 8 as section 12;

(6) redesignate section 9 as section 13;

(7) redesignate section 10 as section 14;

(8) strike out item (c) under section 14 as redesignated and insert in lieu thereof the following:

"(c) Embezzlement, false claims, etc.";

(9) redesignate section 11 as section 15;

(10) strike out item (b) under section 15 as redesignated;

(11) redesignate item (c) under section 15 as redesignated as item (b);

(12) strike out item (d) under section 15 as redesignated and insert in lieu thereof the following:

"(c) Liability of SIPC, directors, and others.";

(13) redesignate items (e) through (h) under section 15 as redesignated as items (d) through (g);

(14) redesignate section 12 as section 16; and

(15) after section 16 as redesignated insert the following new item:

"Sec. 17. Effective date.".

SEC. 3. (a) Section 3(a)(2) is amended by striking out all that follows "national securities exchange," and inserting in lieu thereof the following: "except persons whose head office is located, and whose principal business is conducted, outside the United States; and".

(b) Section 3(b) is amended—

(1) by striking out clause (3) thereof and inserting in lieu thereof the following:

"(3) subject to the provisions of this Act, to adopt, amend, and repeal, by its Board of Directors, bylaws relating to the conduct of its business, the indemnity of its directors, officers, and employees (including as trustee or otherwise in connection with a liquidation proceeding), and the exercise of all other rights and powers granted to it by this Act;

"(4) to adopt, amend, and repeal, by its Board of Directors, such rules as may be necessary or appropriate to effectuate the purposes of this Act, including rules:

"(A) defining terms used in this Act, notwithstanding that such defining rules may be at variance with the same or similar terms used in the 1934 Act or in rules and regulations thereunder; and

"(B) relating to the liquidation of members, the transfer of customer accounts and distribution of customer property, the advance and payment of SIPC funds, the activities of a trustee and to any other aspect of a liquidation proceeding or direct payment procedure;"; and

(2) by redesignating clauses (4) through (8) as clauses (5) through (9), respectively.

(c) Section 3(c)(5) is amended to read as follows:

"(5) COMPENSATION.—All matters relating to compensation of directors shall be as provided in the bylaws of SIPC."

(d) Section 3(e) is amended—

(1) by striking out "BYLAWS" and inserting in lieu thereof "BYLAWS AND RULES";

(2) by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraphs:

"(1) A copy of each bylaw or rule in the form adopted, amended, or repealed by the Board of Directors shall be filed with the Commission.

"(2) Each bylaw adopted, amended, or repealed by the Board of Directors shall take effect upon the thirtieth day (or such later date as SIPC may designate) after the filing of the copy thereof with the Commission or upon such earlier date as the Commission may determine, unless the Commission shall, by notice to SIPC setting forth the reasons therefor, disapprove the same as being contrary to the public interest or contrary to the purposes of this Act.

"(3) Each rule shall become effective by promulgation by the Commission. Within thirty days of filing a proposed rule with the Commission, the Commission shall initiate those procedures applicable to the promulgation of legislative rules of the Commission, unless it shall within such thirty-day period, by notice to SIPC setting forth the reasons therefor, disapprove the same as being contrary to the public interest or contrary to the purposes of this Act. All comments received by the Commission with respect to the proposed rule shall be forthwith transmitted to SIPC. The proposed rule as originally filed or as revised by SIPC as a result of comments or otherwise shall again be filed with the Commission. Within thirty days of such filing, the Commission shall promulgate the rule as filed by SIPC unless the Commission within such period shall, by notice to SIPC setting forth the reasons therefor, disapprove the same as being contrary to the public interest or contrary to the purposes of this Act. A rule so promulgated shall have force and effect as though promulgated under section 23(a) of the 1934 Act; and";

(3) by redesignating paragraph (3) as paragraph (4).

(e) Section 3(f) is repealed.

SEC. 4. (a) Section 4(a)(2)(C) is amended by inserting before the period at the end thereof the following: "(except as provided in subsection (d)(2)(C))".

(b) Section 4(c) is amended—

(1) by striking out paragraph (1) thereof;

(2) by redesignating paragraph (2) thereof as paragraph (1);

(3) by striking out "(3)" in the third sentence of paragraph (1) as redesignated and inserting in lieu thereof "(2)";

(4) by redesignating paragraph (3) thereof as paragraph (2) and by striking out "(other than section 3(f))";

(5) by striking out "or (2)" in paragraph (2)(A) thereof as redesignated;

(6) by striking out "(2)" in paragraph (2)(B) thereof as redesignated and inserting in lieu thereof "(1)";

(7) by striking out the comma and the word "and" at the end of paragraph (2)(B) thereof and inserting in lieu thereof a period; and

(8) by striking out subparagraph (C) of paragraph (2) thereof as redesignated.

(c) In subsection (d) of such section—

(1) strike out "(c)(3)" in paragraph (1)(A) and insert in lieu thereof "(c)(2)";

(2) insert at the end of paragraph (1) the following:

"(C) MINIMUM ASSESSMENT.—The minimum assessment imposed upon each member shall be $25 per annum through the year ending December 30, 197 , [to be three years from date of enactment], and thereafter shall be the amount from time to time set by SIPC bylaw,"; and

(3) insert at the end of paragraph (2) the following:

"(C) OTHER LINES.—SIPC may maintain such other confirmed lines of credit as it deems necessary or appropriate, and such other confirmed lines of credit shall not be included in the balance of the fund, but amounts received from such lines of credit may be disbursed by SIPC under this Act as though they were part of the fund.".

(d) In subsection (e) of such section—

(1) strike out "(c)(2)" and insert in lieu thereof "(c)(1)";

(2) amend paragraphs (2) and (3) to read as follows:

"(2) OVERPAYMENTS.—To the extent that any payment by a member exceeds the maximum rate permitted by subsection (c) of this section, the excess shall be recoverable only against future payments by such member except, as otherwise provided by SIPC bylaw.

"(3) UNDERPAYMENTS.—If a member fails to pay when due all or any part of an assessment made upon such member, the unpaid portion thereof shall bear interest at such rate as may be determined by SIPC bylaw and, in addition to such interest, SIPC may impose a penalty charge in such amount as may be determined by SIPC bylaw. SIPC may waive such penalty charge in whole or in part in circumstances where it deems such action appropriate.".

(e) In subsection (f) of such section, strike out "examining authority as" in the fourth sentence.

(f) In subsection (i)—

(1) amend clause (F) to read as follows:

"(F) fees for investment advisory services or account supervision in respect of securities.";

(2) amend clauses (J) and (K) to read as follows:

"(J) fees in connection with put, call, and other option transactions in securities.

"(K) commissions and fees in connection with the distribution of shares of a registered open end investment company or unit investment trust or from the sale of variable annuities, and"

(3) strike out the last sentence of the subsection and insert in lieu thereof the following new clause:

"(L) all other income related to the securities business."; and

(4) by striking out paragraph (3).

SEC. 5. (a) Section 5(a) of the Act is amended by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2) ACTION BY SELF-REGULATORY ORGANIZATION.—If a self-regulatory organization has given notice to SIPC pursuant to subsection (a)(1), and the broker or dealer undertakes to liquidate or reduce its business either pursuant to the direction of a self-regulatory organization or voluntarily, a self-regulatory organization may render such assistance or oversight to the broker or dealer as it deems appropriate to protect the interests of customers of the broker or dealer. The assistance or oversight by a self-regulatory organization shall not be deemed the assumption or adoption by the self-regulatory organization of any obligation or liability to customers, other creditors, shareholders, or partners of the broker or dealer, and shall not prevent or act as a bar to any action by SIPC pursuant to a liquidation proceeding or a direct payment procedure.

"(3) ACTION BY SIPC.—If SIPC determines that any member (including a person who was a member within one hundred and eighty days prior to such determination by

SIPC) has failed or is in danger of failing to meet its obligations to customers and that there exists one or more of the conditions specified in subsection (b)(1), SIPC, upon notice to such member, may apply to any court of competent jurisdiction specified in section 27 or 21(e) of the 1934 Act for a decree that customers of such members are in need of the protection provided by this Act (referred to as a 'protective decree') *Provided,* however, that no such application shall be made with respect to a member the only customers of whom are persons whose claims could not be satisfied by SIPC advances pursuant to section 9.

"(4) EFFECT OF OTHER PENDING ACTIONS.— An application under paragraph (2)—

"(A) with the consent of the Commission, may be combined with any action brought by the Commission including an action by it for a temporary receiver pending an appointment of a trustee under subsection (b)(3), and

"(B) may be filed notwithstanding the pending in the same or any other court of any bankruptcy, mortgage foreclosure, or equity receivership proceeding or any proceeding to reorganize, conserve, or liquidate such member or its property, or any proceeding to enforce a lien against property of such member.".

(b) Subsection (b) of such section 5 is amended to read as follows:

"(b) COURT ACTION.—

"(1) ISSUANCE OF PROTECTIVE DECREE.—A court shall forthwith issue a protective decree if the debtor consents thereto, or if the debtor fails to contest SIPC's application therefor, or if the court finds that such debtor—

"(A) is insolvent within the meaning of the Bankruptcy Act, or is unable to meet its obligations as they mature, or

"(B) has committed an act of bankruptcy within the meaning of the Banruptcy Act, or

"(C) is the subject of a proceeding pending in any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such member has been appointed, or

"(D) is not in compliance with applicable requirements under the 1934 Act or rules or regulations of the Commission or any self-regulatory organization with respect to financial responsibility or hypothecation of customers' securities, or

"(E) is unable to make such computations as may be necessary to establish compliance with such financial responsibility or hypothecation rules or regulations.

Unless the debtor consents to the issuance of a protective decree, SIPC's application shall be heard three business days after the filing thereof or at such other time as the court for cause shown shall determine.

"(2) EXCLUSIVE JURISDICTION OF COURT.— Upon the filing of an application for a protective decree, the court shall have exclusive juridiction of the debtor involved and its property wherever located (including (A) property located outside the territorial limits of such court, and (B) property held by any other person as security for a debt or subject to a lien) and of any suit against the trustee with respect to a liquidation proceeding. In addition, except as inconsistent with the provisions of this Act, the court shall have the jurisdiction, powers, and duties conferred upon a court of bankruptcy by the Bankruptcy Act, together with such other jurisdiction, powers, and duties as are prescribed by this Act. Pending the issuance of a protective decree under subsection (1) such court shall stay, and upon appointment by it of a trustee as provided in subsection (3) such court shall continue the stay of, any pending bankruptcy, mortgage foreclosure, equity receivership, or other proceeding to reorganize, conserve, or liquidate the debtor or its property and any other suit against any receiver, conservator, or trustee of the debtor or its property. Pending the issuance of a protective decree and upon the appointment of a trustee and thereafter, the court may stay any proceeding to enforce a lien against property of the debtor or any other suit against the debtor, including a suit by stockholders of the debtor which interferes with the trustee's prosecution of claims against former directors or officers of the debtor. In addition the court may, for such period as may be appropriate, stay enforcement of, but shall not abrogate, the rights of setoff provided in the Bankruptcy Act (section 68) and the right to enforce a valid, nonpreferential lien or pledge against the property of the debtor. Pending the issuance of a protective decree, the court may appoint a temporary receiver.

"(3) APPOINTMENT OF TRUSTEE AND COUNSEL.—If the court issues a protective decree, it shall forthwith appoint as trustee for the liquidation of the business of the debtor (referred to as 'trustee') and as attorney for the trustee, such persons as SIPC in its sole discretion shall specify, and the persons so appointed may be with the same firm. SIPC may in its sole discretion specify itself or one of its employees as trustee in any case in which SIPC has determined that the liabilities of the debtor to unsecured general creditors and to subordinated lenders appear to aggregate less than $750,000 and that there appear to be fewer than five hundred customers as defined in subsection (c)(1) of section 6. No person shall serve as trustee or attorney if such person is not 'disinterested' within the meaning of subsection (7), except that for any specified purpose other than to represent a trustee in conducting a liquidation proceeding, the trustee may with the approval of SIPC employ an attorney who is not disinterested. A trustee appointed hereunder shall qualify by filing a bond in the manner prescribed by the applicable provisions of the Bankruptcy Act. Neither SIPC nor an employee of SIPC shall be required to file a bond when appointed as trustee.

"(4) REFERENCE TO REFEREE IN BANKRUPTCY.—If the court issues a protective decree and appoints a trustee under this section, it may at any stage of the proceeding refer the proceeding to a referee in bankruptcy (including a bankruptcy judge) to hear and determine any and all matters, or to a referee as special master to hear and report generally or upon specified matters. Only under special circumstances shall references be made to a special master who is not a referee.

"(5) DEFINITIONS.—For purposes of this Act—

"(A) DEBTOR.—The term 'debtor' means a person in respect of whom an application for a protective decree has been filed.

"(B) FILING DATE.—The term 'filing date' means the date on which an application for a protective decree has been filed; except that if—

"(i) a petition was filed before such date by or against the debtor under the Bankruptcy Act (as defined below) or under chapters X or XI as now in effect or as amended from time to time, or

"(ii) the debtor is the subject of a proceeding pending in any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such debtor was appointed which proceeding was commenced before the date on which such application was filed,

then the term 'filing date' means the date on which such petition was filed or such proceeding commenced.

"(C) BANKRUPTCY ACT.—The term 'Bankruptcy Act' means those provisions of the Bankruptcy Act relating to ordinary bankruptcy (chapters I through VII) as now in effect or as amended from time to time and the rules of bankruptcy procedure promulgated with respect thereto, except the provisions of the Bankruptcy Act relating exclusively to stockbrokerage bankruptcies (section 60e) shall not apply.

"(6) COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES.—

"(A) The court shall grant reasonable compensation for services rendered and reimbursement for proper costs and expenses incurred (referred to as 'allowances') in connection with a liquidation proceeding by a trustee appointed under subsection (3) and by the attorneys for a trustee. No compensation for services shall be allowed to SIPC or an employee of SIPC for serving as a trustee; however, reimbursement for their proper costs and expenses shall be granted by the court. Allowances may be granted on an interim basis during the course of the liquidation proceeding at such times and in such amounts as the court shall deem appropriate.

"(B) The District Judge may grant reasonable allowances to a referee in bankruptcy or a special master, in the manner provided for in a case filed under Chapter X of the Bankruptcy Act (as now in effect or as amended from time to time).

"(C) Any person seeking allowances shall file an application which complies in form, content and otherwise with the provisions of the Bankruptcy Act governing applications for allowances thereunder. A copy of the application shall be served upon SIPC when filed. The court shall fix a time for hearing such applications, notice of which shall be given to the applicants, the trustee, the debtor, the creditors, SIPC, and such other persons as the court may designate, except that notice need not be given to customers whose clams have been or will be satisfied in full or to creditors who cannot reasonably be expected to receive any distribution during the course of the liquidation proceeding.

"(D) With respect to applications for allowances under subsection (A), SIPC shall file its recommendation on such allowances with the court prior to the hearing and, if it requests, shall be allowed a reasonable time after the hearing within which to file a further recommendation. Where such allowances are to be paid by SIPC without reasonable expectation of recoupment thereof as provided in subsection (d) of section 9 and there is no difference between the amounts requested and the amounts recommended by SIPC, the court shall award the amounts recommended by SIPC. In determining such allowances in all other cases the court shall give due consideration to the nature, extent, and value of the services rendered and shall place considerable reliance on the recommendation of SIPC.

"(E) The restrictions on sharing of compensation as prescribed in the Bankruptcy Act shall apply.

"(F) Allowances granted by the court, including interim allowances, shall be charged as a cost and expense of administration against the general estate of the debtor. If the general estate is insufficient to pay allowances in whole or in part, SIPC shall advance such funds as are necessary.

"(7) DISINTERESTEDNESS.—

"(A) STANDARDS.—A person shall not be deemed disinterested, for the purposes of subsection (b)(3), if—

"(i) he is a creditor (including a customer) or stockholder of the debtor; or

"(ii) he is or was an underwriter of any of the outstanding securities of the debtor or within five years prior to the filing date was the underwriter of any securities of the debtor; or

"(iii) he is, or was within two years prior to the filing date, a director, officer, or employee of the debtor or any such underwriter,

or an attorney for the debtor or such underwriter; or

"(iv) it appears that he was, by reason of any other direct or indirect relationship to, connection with, or interest in the debtor or such underwriter, or for any reason an interest materially adverse to the interests of any class of creditors (including customers) or stockholders; except that SIPC shall in all cases be deemed disinterested, and an employee of SIPC shall be deemed disinterested if he would meet the aforesaid standards except for his association with SIPC.

"(B) HEARING.—The court shall fix a time for a hearing on disinterestedness, to be held promptly after the appointment of a trustee, notice of which shall be mailed at least ten days prior thereto to each person who, from the debtor's books and records, appears to have been a customer of the debtor with an open account within the past twelve months, to his address as it shall appear from the debtor's books and records, and to the creditors and stockholders of the debtor, to SIPC, and to such other persons as the court may designate. The court in its discretion may also require that notice be given by publication in such newspaper or newspapers of general circulation as it may designate. At such hearing, or at any adjourment thereof, or upon application, the court shall hear objections to the retention in office of a trustee or counsel to a trustee upon the ground that he is not disinterested as provided in this Act.".

SEC. 6. The Act is amended by striking out section 6 and inserting in lieu thereof the following:

SEC. 6. GENERAL PROVISIONS OF A LIQUIDATION PROCEEDING.

"(a) PURPOSES.—The purposes of any proceeding in which a trustee has been appointed under section 5(b)(3) (referred to as a 'liquidation proceeding') shall be:

"(1) as promptly as possible after such appointment and in accordance with the provisions of this section—

"(A) to deliver customer name securities to or on behalf of the customers of the debtor entitled thereto as provided in subsection (a)(2) of section 8;

"(B) to distribute customer property and (in advance thereof or concurrently therewith) otherwise to satisfy net equity claims of customers to the extent provided in this section; and

"(C) to transfer customer accounts to other members of SIPC as provided in subsection (d) of section 8;

"(2) to sell or transfer offices and other productive units of the business of the debtor;

"(3) to enforce rights of subrogation as provided in this act; and

"(4) to liquidate the business of the debtor.

"(b) APPLICATION OF BANKRUPTCY ACT.—To the extent consistent with the provisions of this Act, a liquidation proceeding shall be conducted in accordance with, and as though it were being conducted under, the Bankruptcy Act. Any reference in the Bankruptcy Act to the date of commencement of proceedings under the Bankruptcy Act shall be deemed to be a reference to the filing date for purposes of this Act.

"(c) DEFINITIONS.—Except as otherwise expressly provided, for purposes of a liquidation proceeding and the application of the Bankruptcy Act to a liquidation proceeding:

"(1) 'Customers' of a debtor means persons (including persons with whom the debtor deals as principal or agent) who claim on account of securities received, acquired, or held by the debtor in the ordinary course of business as a broker or dealer from or for the securities accounts of such persons (A) for safekeeping, or (B) with a view to sale, or (C) to cover consummated sales, or (D) pursuant to purchases, or (E) as collateral security, or (F) for purposes of effecting transfer. Customers shall include persons who have claims against the debtor arising out of sales or conversions of such securities, and shall include any person who has deposited cash with the debtor for the purpose of purchasing securities, but shall not include any person to the extent that such person has a claim for cash or securities which by contract, agreement, or understanding, or by operation of law, is part of the capital of the debtor, or is subordinated to the claims of any or all creditors of the debtor, notwithstanding that some ground might have existed for declaring such contract, agreement, or understanding void or voidable in a suit between the claimant and the debtor.

"(2) 'Net equity' means the dollar amount of a customer's account or accounts determined by excluding any customer name securities reclaimed by the customer, and by subtracting any indebtedness of the customer to the debtor from the sum which would have been owing by the debtor to the customer had the debtor liquidated, by sale or purchase on the filing date, all securities positions of the customer. A customer may, with the approval of the trustee and within such period as the trustee may determine, pay to the trustee any indebtedness of the customer to the debtor, and the customer's net equity will be increased by the amount of the payment. Accounts held by a customer in separate capacities shall be deemed to be accounts of separate customers. Where a customer has acted with respect to cash or securities with the debtor after the filing date and in a manner which would have given him the status of a customer with respect to the cash or securities had the action occurred prior to the filing date, and the trustee is satisfied that such action was taken by the customer in good faith and prior to the appointment of the trustee, the date on which such action was taken shall be deemed to be the filing date for determining such customer's net equity with respect to the cash or securities.

"(3) 'Securities' means any note, stock, treasury stock, bond, debenture, any collateral trust certificate, preorganization certificate or subscription, transferable share, voting-trust certificate, certificate of deposit, or in general, any instrument commonly known as a security; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase or sell any of the foregoing; but shall not include any currency; investment contract; certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease; or commodity or related contract or futures contract; or any warrant or right to subscribe to or purchase or sell any of the foregoing.

"(4) 'Customer property' means cash and securities (except customer name securities delivered to the customer) at any time received, acquired or held by or for the account of a debtor from or for the account of customers and the proceeds of any such property transferred by the debtor including property unlawfully converted. Customer property shall include:

"(A) securities held as the property of the debtor to the extent such securities are necessary to meet the debtor's obligations to his customers for their net equities based upon securities of the same class and series of an issuer; and

"(B) resources provided through the use or realization of customers' debit cash balances and the debit items includable in the 'Formula for Determination of Reserve Requirement for Brokers and Dealers' under rule 15c3-3 of the 1934 Act as such rule is now in effect or as amended from time to time.

Customer property shall also include other property of the debtor which, upon compliance with applicable laws, rules and regulations, would have been set aside or held for the benefit of customers, unless the trustee determines that effecting such inclusion would not significantly increase customer property. Any cash or securities remaining after the liquidation of a lien or pledge made by a debtor shall be apportioned between his general estate and customer property in the proportion in which the general property of the debtor and the cash and securities of his customers contributed to such lien or pledge.

"(5) 'Customer name securities' means securities which were held for the account of a customer on the filing date by or on behalf of the debtor and which on the filing date were registered in the customer's name or were in the process of being so registered pursuant to instructions from the debtor, but shall not include securities registered in the customer's name which by endorsement or otherwise were in negotiable form.

"(d) COSTS AND EXPENSES OF ADMINISTRATION.—All costs and expenses of administration of the debtor's estate and the liquidation proceeding shall be borne by the general estate to the extent it is sufficient therefor, and the priorities of distribution from the general estate shall be as provided in the Bankruptcy Act. Costs and expenses of administration shall include payments pursuant to subsection (c) of section 8 and costs and expenses of SIPC employees utilized by the trustee pursuant to subsection (a)(2) of section 7. All funds advanced by SIPC to a trustee for such costs and expenses of administration shall be recouped from the general estate as a first priority under the Bankruptcy Act.

"SEC. 7. POWERS AND DUTIES OF TRUSTEE.

"(a) TRUSTEE POWERS.—A trustee shall be vested with the same powers and title with respect to the debtor and the property of the debtor, including the same rights to avoid preferences, as a trustee in bankruptcy under the Bankruptcy Act has with respect to a bankrupt. In addition, a trustee shall, with the approval of SIPC, have the right—

"(1) to hire and fix the compensation of all personnel (including officers and employees of the debtor and of its examining authority) and other persons (including but not limited to accountants) that are deemed by the trustee necessary for all or any purposes of the liquidation proceeding;

"(2) to utilize SIPC employees for all or any purposes of a liquidation proceeding; and

"(3) to margin and maintain customer accounts of the debtor for the purposes of subsection (d) of section 8;

and no approval of the court shall be required therefor.

"(b) TRUSTEE DUTIES.—To the extent consistent with the provisions of this Act or as otherwise ordered by the court, a trustee shall be subject to the same duties as a trustee in bankruptcy, except that a trustee may, but shall have no duty to, reduce to money any securities constituting customer property or in the general estate of the debtor. In addition, the trustee shall—

"(1) deliver securities to or on behalf of customers to the maximum extent practicable in satisfaction of customer claims for securities of the same class and series of an issuer; and

"(2) subject to the prior approval of SIPC, pay or guarantee all or any part of the indebtedness of the debtor to a bank, lender or other person if the trustee determines that the aggregate market value of securities to be made available to the trustee upon the payment or guarantee of such indebtedness does not appear to be less than the total amount of the payment or guarantee, and no approval of the court shall be required therefor.

"(c) REPORTS BY TRUSTEE TO COURT.—The trustee shall make to the court and to SIPC such written reports as may be required by the Bankruptcy Act, and shall include therein information as to the progress in distributing cash and securities to customers. The reports required hereunder shall also be in such form and detail as, having due regard to the requirements of section 17 of the 1934 Act and the rules and regulations thereunder and the magnitude of items and transactions involved in connection with the operations of a broker or dealer, the Commission shall determine by rules and regulations to present fairly the results of such proceeding as of the dates or for the periods covered by such reports.

"(d) INVESTIGATIONS.—The trustee shall—

"(1) as soon as practicable, investigate the acts, conduct, property, liabilities, and financial condition of the debtor, the operation of its business, and any other matter, to the extent relevant to the liquidation proceeding, and report thereon to the court.

"(2) examine by deposition or otherwise the directors and officers of the debtor and any other witnesses concerning any of the foregoing matters;

"(3) report to the court any facts ascertained by him pertaining to fraud, misconduct, mismanagement, and irregularities, and to any causes of action available to the estate; and

"(4) as soon as practicable, prepare and submit a statement of his investigation of the property, liabilities, and financial condition of the debtor, and the operation of its business, in such form and manner as the court may direct, to SIPC and such other persons as the court may designate.

"SEC. 8. SPECIAL PROVISIONS OF A LIQUIDATION PROCEEDING.

"(a) CUSTOMER RELATED PROPERTY.—

"(1) ALLOCATION OF CUSTOMER PROPERTY.—All customers shall be entitled to share ratably in customer property on the basis of and to the extent of their respective net equities. In, or for the purpose of, allocating customer property, securities to be delivered in payment of net equity claims for securities of the same class and series of an issuer shall be valued as of the close of business on the filing date. General creditors may not share in customer property, except that any customer property remaining after the satisfaction of all claims of customers and all claims of SIPC as subrogee and after the repayment to SIPC of moneys advanced pursuant to subsection (c) of section 9 shall become part of the general estate. To the extent customer property and SIPC advances pursuant to subsection (a) of section 9 shall not be sufficient to pay or otherwise satisfy in full the net equity claims of customers, such customers shall be entitled, to the extent only of their respective unsatisfied net equity claims, to participate in the general estate as unsecured creditors.

"(2) DELIVERY OF CUSTOMER NAME SECURITIES.—The trustee shall deliver customer name securities to or on behalf of a customer of the debtor entitled thereto if the customer is not indebted to the debtor. With the approval of the trustee a customer may reclaim customer name securities upon payment to the trustee, within such period of time as the trustee may determine, of all indebtedness of the customer to the debtor.

"(3) RECOVERY OF TRANSFERS.—Where customer property is not sufficient to pay in full the claims of customers, a transfer by a debtor of any property which, except for such transfer, would have been customer property may be recovered by the trustee and shall be treated as customer property if such transfer is voidable or void under the provisions of the Bankruptcy Act. For the purpose of such recovery, the property so transferred shall be deemed to have been the property of the debtor and, if such transfer was made to a customer or for his benefit, such customer may be deemed to have been a creditor, the laws of any State to the contrary notwithstanding.

"(b) PURCHASE OF SECURITIES.—The trustee may purchase securities as necessary for the delivery of securities to customers in satisfaction of their claims for net equities based on securities under subsection (b)(1) of section 7 and for the transfer of customer accounts under subsection (d), in each case to the extent that the securities can be purchased by the trustee in a fair and orderly market to restore such accounts as of the filing date. Customer property and moneys advanced by SIPC may be used by the trustee to pay for securities so purchased. Moneys advanced by SIPC may not be used to purchase securities to the extent that the aggregate value of such securities on the filing date exceeded the amount permitted to be advanced by SIPC under the provisions of subsection (a) of section 9.

"(c) CLOSE-OUTS.—Contracts of the debtor for the purchase or sale of securities in the ordinary course of its business with other brokers or dealers and which are wholly executory on the filing date shall not be completed by the trustee, except to the extent permitted by SIPC rule. To the extent practicable, such contracts shall be closed out by such other broker or dealer without unnecessary delay in the best available market. The broker or dealer shall net all profits and losses on all such closed out contracts and shall pay any net profit to the trustee. In the event the broker or dealer sustains a net loss on such closed out contracts, it shall be entitled to file a claim against the debtor with the trustee in the amount of such loss.

"(1) To the extent such net loss arises from contracts pursuant to which the broker or dealer was acting for his own customer, the broker or dealer shall be entitled to receive funds advanced by SIPC to the trustee in the amount of such loss up to a maximum amount of $40,000 on each such customer account with respect to which he sustained a loss.

"(2) With respect to a net loss not payable from funds advanced by SIPC under subsection (c)(1), the broker or dealer shall be entitled to participate in the general estate as an unsecured creditor.

"(3) For the purposes of this subsection (c), the term 'customer' excludes any person who (A) is a broker or dealer, (B) had a claim for cash or securities which by contract, agreement or understanding or by operation of law, was part of the capital of the claiming broker or dealer or was subordinated to the claims of any or all creditors of such broker or dealer, or (C) had a relationship as specified in subsection (a)(5) of section 9 with either the debtor or the claiming broker or dealer. A claiming broker or dealer shall be deemed to have been acting on behalf of its customer if it acted as agent for such customer or if it held such customer's order which was to be executed as a part of its contract with the debtor.

"(4) Neither a clearing corporation which by its rules or regulations has an established procedure for the closing out of open contracts between an insolvent broker or dealer and its members, nor its members to the extent such members' claims are or may be processed within the clearing corporation, shall be entitled to receive SIPC funds in payment of any losses on such contracts. If such clearing corporation or its members sustain a net loss on the closing out of such contracts with the debtor, they shall have the right to participate in the general estate as unsecured creditors to the extent of such loss. Any excess collateral held by the clearing corporation shall be promptly paid to the trustee.

"(d) TRANSFER OF CUSTOMER ACCOUNTS.—In order to facilitate the prompt satisfaction of customer claims and the orderly liquidation of the debtor, the trustee shall have the right, on terms satisfactory to him and subject to the prior approval of SIPC, to sell or otherwise transfer, without consent of any customer, all or any part of a customer's account to another member of SIPC. In connection with any such sale or transfer and subject to the prior approval of SIPC, the trustee may—

"(1) waive or modify the need to file a written statement of claim pursuant to subsection (f)(2); and

"(2) enter into such agreements as the trustee deems appropriate under the circumstances to indemnify any such receiving member of SIPC against shortages of cash or securities in the customer accounts sold or transferred, and funds of SIPC may be made available to guarantee or secure any such indemnification. The prior approval of SIPC to such indemnity shall be conditioned, among such other standards as SIPC may determine, upon a determination by SIPC that the probable cost of any such indemnity can reasonably be expected not to exceed the cost to SIPC under subsections (a) and (b) of section 9.

"(e) PAYMENTS TO CUSTOMERS.—Following receipt of a written statement of claim as provided in subsection (f)(2), it shall be the duty of the trustee to discharge promptly, in accordance with the provisions of this section, all obligations of the debtor to a customer relating to, or net equity claims based upon, securities or cash by the delivery of securities or the effecting of payments to or for the account of such customer (subject to the provisions of subsection (b) of section 8 and subsection (a) of section 9) insofar as such obligations are ascertainable from the books and records of the debtor or are otherwise established to the satisfaction of the trustee. In, or for the purpose of, distributing securities to customers, all securities shall be valued as of the close of business on the filing date. For the purpose of this subsection the court among other things shall—

"(1) in respect of net equity claims, authorize the trustee to satisfy claims out of moneys made available to the trustee by SIPC notwithstanding the fact that there shall not have been any showing or determination that there are sufficient funds to the debtor available to make such payment; and

"(2) in respect of claims relating to, or net equities based upon, securities of a class and series of an issuer which are ascertainable from the books and records of the debtor or are otherwise established to the satisfaction of the trustee, authorize the trustee to deliver securities of such class and series if and to the extent available to satisfy such claims in whole or in part, with partial deliveries to be made pro rata to the greatest extent considered practicable by the trustee.

Any payment or delivery of property pursuant to this subsection may be conditioned upon the trustee requiring claimants to execute in a form to be determined by the trustee appropriate receipts, supporting affidavits, releases, and assignments, but shall be without prejudice to the right of any claimant to file formal proof of claim within the period specified in subsection (f) for any balance of securities or cash to which he may deem himself entitled.

"(f) NOTICE AND CLAIMS.—

"(1) Promptly after his appointment, the trustee shall cause notice of the commencement of proceedings under this section to be published in one or more newspapers of general circulation in the form and manner determined by the court, and shall cause a copy of such notice to be mailed to each person who, from the debtor's books and records, appears to have been a customer of the debtor with an open account within the past twelve months, to his address as it shall appear from the debtor's books and records. Notice to creditors other than customers shall be given

in the manner prescribed by the Bankruptcy Act, except that such notice shall be given by the trustee.

"(2) Customers need not file formal proofs of claim, but must file a written statement of claim, except that no obligation of the debtor to any person "associated" with the debtor as defined in section 3(a)(18) of the 1934 Act, or any beneficial owner of 5 per centum or more of the voting stock of the debtor, or any member of the immediate family of any of the foregoing may be satisfied without formal proofs of claim. Claims for net equities received by the trustee after the expiration of such period of time (not exceeding sixty days after the date of publication under subsection (f)(1)) as may be fixed by the court, need not be paid or satisfied in whole or part out of customer property, and to the extent they are satisfied from moneys advanced by SIPC they shall be satisfied in cash or securities or both as the trustee may determine is most economical to the estate. No such claim shall be allowed unless received by the trustee within six months after the date of publication.

"(3) No claims of creditors received by the trustee after the expiration of six months from the date of publication shall be allowed, except that the court may, upon application within such period, and for cause shown, grant a reasonable, fixed extension of time for the filing of a claim by the United States, by a State or subdivision thereof, or by an infant or incompetent person without guardian.

"(4) Except as otherwise provided in this section, and without limiting the powers and duties of the trustee to discharge obligations promptly as specified in this section, nothing in this section shall limit the right of any person, including any subrogee, to establish by formal proof or otherwise as the court may provide such claims as such person may have against the debtor, including claims for the payment of money and the delivery of specific securities, without resort to moneys advanced by SIPC to the trustee.

"SEC. 9. SIPC ADVANCES IN A LIQUIDATION PROCEEDING

"(a) ADVANCES FOR CUSTOMERS' CLAIMS.—In order to provide for prompt payment and satisfaction of net equities of customers of the debtor, SIPC shall advance to the trustee such moneys as may be required to pay or otherwise satisfy claims for the amount by which the net equity of each customer exceeds his ratable share of customer property but only to the extent that the amount of such excess shall not exceed $100,000 for such customer; except that—

"(1) insofar as all or any portion of the net equity claim of a customer in excess of his ratable share of customer property is a claim for cash, as distinct from securities, the amount advanced by reason of such claim for cash shall not exceed $40,000;

"(2) a customer who holds accounts with the debtor in separate capacities shall be deemed to be a different customer in each capacity;

"(3) insofar as all or any portion of the net equity claim of a customer is satisfied by the delivery of securities purchased by the trustee pursuant to subsection (b) of section 8, the securities so purchased shall be valued as of the filing date for the purpose of applying the limitations of this subsection (a);

"(4) insofar as all or any portion of the net equity of a customer is determined pursuant to the last sentence of subsection (c)(2) of section 6, SIPC may but shall not be required to make an advance with respect to the portion so determined;

"(5) no advance shall be made by SIPC to the trustee to pay or otherwise satisfy, directly or indirectly, any claim of a customer who is a general partner, officer, or director of the debtor, a beneficial owner of 5 per centum or more of any class of equity security of the debtor (other than a nonconvertible stock having fixed preferential dividend and liquidation rights), a limited partner with a participation of 5 per centum or more in the net assets or net profits of the debtor, or a person who directly or indirectly through agreement or otherwise exercised or had the power to exercise a controlling influence over the management or policies of the debtor; and

"(6) no advance shall be made by SIPC to the trustee to pay or otherwise satisfy net equity claims of any customer who is a broker or dealer or bank, other than to the extent that it shall be established to the satisfaction of the trustee, from the books and records of the debtor or from the books and records of a broker or dealer or bank or otherwise, that net equity claims of such broker or dealer or bank against the debtor arise out of transactions for customers of such broker or dealer or bank, which customers are not themselves a broker or dealer or bank or a person described in subsection (a)(5), and each such customer of such broker or dealer or bank shall be deemed a separate customer of the debtor.

To the extent moneys are advanced by SIPC to the trustee to pay the claims of customers, SIPC shall be subrogated to the claims of such customers with the rights and priorities provided in this section or otherwise provided by law, except that SIPC as subrogee may assert no claim against customer property until after the allocation thereof as provided in subsection (a)(1) of section 8.

"(b) OTHER ADVANCES.—SIPC shall advance to the trustee—

"(1) such moneys as may be required to effectuate subsection (c) of section 8; and

"(2) to the extent the general property of the debtor is not sufficient to pay any and all costs and expenses of administration of the debtor's estate and the liquidation proceeding, the amount of such costs and expenses.

"(c) DISCRETIONARY ADVANCES.—SIPC may advance to the trustee such moneys as may be required to—

"(1) pay or guarantee indebtedness of the debtor to a bank, lender, or other person under subsection (b)(2) of section 7;

"(2) guarantee or secure any indemnity under subsection (d) of section 8; and

"(3) purchase securities under subsection (b) of section 8.

"SEC. 10. DIRECT PAYMENT PROCEDURE.

"(a) DETERMINATION REGARDING DIRECT PAYMENTS.—If SIPC determines that any member (including a person who was a member within one hundred and eighty days prior to such determination by SIPC) has failed or is in danger of failing to meet its obligations to customers, and that there exists one or more of the conditions specified in subsection (b)(1)(A) of section 5, and that each of the following conditions appears to exist, namely—

"(1) the claim of each customer of the member is within the limits of protection provided in subsection (a) of section 9,

"(2) the claims of all customers of the member aggregate less than $250,000, and

"(3) the cost to SIPC of satisfying customer claims under this section will be less than in a liquidation proceeding,

SIPC, may, in its discretion, determine to use the direct payment procedure provided in this section, in lieu of instituting a liquidation proceeding. For purposes of this section, the terms 'customer', 'net equity', and 'securities' shall have the same meanings as provided in subsection (c) of section 6, except that any reference to a filing date shall be deemed a reference to the date of first publication under subsection (b).

"(b) NOTICE.—Promptly after the determination in subsection (a), SIPC shall cause notice of the direct payment procedure to be published in one or more newspapers of general circulation in a form and manner determined by SIPC, and at the same time shall cause to be mailed a copy of such notice to each person who appears, from the member's books and records, to have been a customer of the member with an open account within the past twelve months to his address as it shall appear from the member's books and records. Such notice shall state that SIPC will satisfy customer claims directly, without a liquidation proceeding, and shall set forth the form and manner in which claims may be presented. A direct payment procedure shall be deemed to commence on the date of first publication and no claim by a customer shall be paid or otherwise satisfied by SIPC unless filed and received within six months after such date.

"(c) PAYMENTS TO CUSTOMERS.—SIPC shall promptly satisfy all obligations of the member to each of its customers relating to, or net equity claims based upon, securities or cash by the delivery of securities or the effecting of payments to such customer (subject to the provisions of subsection (b) of section 8 and subsection (a) of section 9) insofar as such obligations are ascertainable from the books and records of the member or are otherwise established to the satisfaction of SIPC. In, or for the purpose of, distributing securities to customers, all securities shall be valued as of the close of business on the date of publication under subsection (b) above. Any payment or delivery of securities pursuant to this section may be conditioned upon the execution and delivery in a form to be determined by SIPC of appropriate receipts, supporting affidavits, releases, and assignments. To the extent moneys of SIPC are used to satisfy the claims of customers, SIPC shall be subrogated to the claims of such customers with the rights and priorities provided by law.

"(d) EFFECT ON CLAIMS.—Except as otherwise provided in this section, nothing in this section shall limit the right of any person, including any subrogee, to establish by formal proof or otherwise such claims as such person may have against the member, including claims for the payment of money and the delivery of specific securities, without resort to moneys of SIPC.

"(e) JURISDICTION OF DISTRICT COURTS.—After SIPC has published notice of the institution of a direct payment procedure pursuant to this section, persons aggrieved by any determination by SIPC with respect to their claims filed pursuant to such notice may, within six months following mailing by SIPC of its determination with respect to such claims, seek the final adjudication of such claim. Suits arising hereunder shall be deemed to arise under the laws of the United States, and the United States district courts shall have original jurisdiction thereof without regard to the amount in controversy. Such suits shall be brought in the district where the head office of the debtor is located.

"(f) DISCONTINUANCE OF DIRECT PAYMENTS.—If at any time SIPC in its discretion shall determine that direct payments are not appropriate, SIPC may cease the direct payment procedure. Thereupon SIPC may institute a liquidation proceeding. To the extent payments of cash, distributions of securities, or determinations with respect to the validity of a customer's claim are made under this section, such payments, distributions, and determinations shall be recognized and given full effect in the event of any subsequent liquidation proceeding. Any suits arising under section (e) and pending at the time of the appointment of a trustee under subsection (b)(3) of section 5 shall be permanently stayed by the court at the time of such appointment, and the court shall then or thereafter enter an order directing the transfer or removal to it of such suit. Upon such removal or transfer the complaint in such suit shall constitute the plaintiff's claim in

the liquidation proceeding, if appropriate, and it shall be deemed received by the trustee on the day of his appointment regardless of the date of actual transfer or removal of the claimant's suit.

SEC. 7. (a) Section 7 of the Act is redesignated as section 11.

(b) Subsection (a) of such section is amended by striking out "section 3(e) and section 9(f)" and inserting in lieu thereof "section 3(e)(4) and section 13(f)".

(c) Such section is amended by adding at the end thereof the following:

"(e) FINANCIAL RESPONSIBILITY RULES.—Section 3(a) of the Securities Exchange Act of 1934 is amended by adding at the end thereof a new subsection (22) as follows:

"'(22) The term "financial responsibility rules" means the rules and regulations of the Commission or the rules and regulations prescribed by any national securities exchange or registered national securities association pertaining to financial responsibility and related practices which are designated by the Commission by rule or regulation to be "financial responsibility rules."'"

SEC. 8. Sections 8 through 12 of the Act are redesignated as sections 12 through 16.

SEC. 9. Subsections (a), (b), and (c) of section 13 as redesignated are amended to read as follows:

"(a) COLLECTION AGENT.—Each self-regulatory organization shall act as collection agent for SIPC to collect the assessments payable by all members of SIPC for whom such self-regulatory organization is the examining authority, unless SIPC designates a self-regulatory organization other than the examining authority to act as collection agent for any SIPC member who is a member of more than one self-regulatory organization. Members of SIPC who are not members of a self-regulatory organization shall make payments direct to SIPC. The collection agent shall be obligated to remit to SIPC assessments made under section 4 only to the extent that payments of such assessments are received by such collection agent.

"(b) IMMUNITY.—No self-regulatory organization shall have any liability to any person for any action taken or omitted in good faith pursuant to subsections (a) (1) and (2) of section 5.

"(c) INSPECTIONS.—The self-regulatory organization of which a member of SIPC is a member shall inspect or examine such member for compliance with applicable financial responsibility rules, except that if a member of SIPC is a member of more than one self-regulatory organization, the self-regulatory organization designated as examining authority by the Commission shall conduct such inspection of examination.".

SEC. 10. (a) Section 14(a) of the Act as redesignated is amended to read as follows:

"(a) FAILURE TO PAY ASSESSMENT, ET CETERA.—If a member of SIPC shall fail to file any report or information required pursuant to this Act, or shall fail to pay when due all or any part of an assessment made upon such member pursuant to this Act, and such failure shall not have been cured by the filing of such report or information or by the making of such payment, together with interest and penalty thereon, within five days after receipt by such member of written notice of such failure given by or on behalf of SIPC, it shall be unlawful for such member, unless specifically authorized by the Commission, to engage in business as a broker or dealer. If such member denies that he owes all or any part of the amount specified in such notice, he may after payment of the full amount so specified commence an action against SIPC in the appropriate United States district court to recover the amount he denies owing.".

(b) Section 14(c) of the Act as redesignated is amended to read as follows:

"(c) EMBEZZLEMENT, FALSE CLAIMS, ET CETERA.—Whoever steals, unlawfully abstracts, unlawfully and willfully converts to his own use or to the use of another, or embezzles any of the moneys, securities, or other assets of SIPC or otherwise defrauds or attempts to defraud SIPC or a trustee by any means including, but not limited to, the willful filing or presenting of a false claim in a liquidation proceeding or a direct payment procedure shall be fined not more than $50,000 or imprisoned not more than five years or both.".

SEC. 11. Section 15 of the Act as redesignated is amended—

(1) by striking out subsection s (b) and (h);

(2) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively;

(3) by striking out subsection (c) as redesignated and inserting in lieu thereof the following:

"(c) LIABILITY OF SIPC, DIRECTORS, AND OTHERS.—Neither SIPC nor any of its Directors, officers, or employees shall have any liability to any person for any action taken or omitted in good faith under or in connection with any matter contemplated by this Act."; and

(4) by striking out in the first sentence of subsection (d) as redesignated the words "or rule" and by striking out in such sentence the word "may" and inserting in lieu thereof the word "shall".

SEC. 12. Section 16(2) of the Act as redesignated is amended to read as follows:

"(2) FINANCIAL RESPONSIBILITY RULES.—Notwithstanding any other provision of this Act, the term 'Financial Responsibility Rules' shall have the same meaning as under the 1934 Act.".

SEC. 13. The amendments made by this Act shall become effective as of the date of enactment thereof, except that they shall not apply to a liquidation proceeding commenced prior thereto.

By Mr. MOSS:

S. 1232. A bill to encourage State and local governments to provide relief from real property taxes for elderly individuals. Referred to the Committee on Finance.

ELDERLY HOMEOWNERS PROPERTY TAX RELIEF ACT

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to encourage State and local governments to provide relief from property tax for elderly.

The problem of escalating property taxes is gaining wider recognition since I introduced this proposal in the last session as S. 1958. American citizens are becoming more aware of the inequity presented to elderly individuals living on fixed incomes who have to pay 30 percent or even as much as 50 percent of their incomes for property taxes.

While thousands of senior citizens fall into this category, the aged homeowner, on the average, pays 8.1 percent of his income for property taxes. The typical urban family by contrast pays out 3.4 percent of their income for taxes.

Moreover these taxes which are regressive have been increasing at a rapid rate. Since January 1969, these taxes have increased by 60 percent, nearly twice as fast as the rise in the overall cost of living. In many communities real estate taxes have doubled and tripled in the past 10 years.

It is when these statistics are reduced to concrete examples that the effect of these proposals can best be seen. Last year I referred to an individual in a Midwest State with an income of $1,000 a year who paid 30 percent of his income in property taxes. Others with less income were found to be paying 58 percent of their incomes in property taxes.

It is likely that these examples will continue to be duplicated in the future since public education apparently will continue to be supported by the property tax.

Because this problem cries out for redress, I am introducing my proposal which I do not consider the final word, rather it is hoped to serve as a basis for discussion.

In introducing this bill, I accept the assumption that the property tax is particularly damaging, because it is regressive in nature. My bill would, therefore, require the Federal Government to replace, within limits, the amount of collected money a State would lose in granting a property exemption to the elderly. These losses would be made up with general tax revenues. Philosophically, this would replace to a degree the regressive property tax in favor of the progressive Federal income tax.

To describe the bill more specifically, it requires that if a State enacts legislation to exempt from taxation the first $5,000 in actual value of the property held by one of its over 65 citizens, the Federal Government would be obligated to replace these funds. However, the Federal Government's replacement of these funds would not be on a 1-to-1 basis. The bill contains a ratio of reimbursement formula which favors the lowering of effective property tax rates in general.

Since most real estate taxes are imposed on a local basis, States would be responsible to certify to the Treasury such amounts as it has lost by extending a $5,000 exemption on the property taxes of its senior citizens. The Secretary would pay the State the amount of the qualified reduction attributable to the exemption plus:

First, 13 percent of the qualified reduction, if the applicable tax rate does not exceed $1 per $100 of actual value of the property.

Second, 12 percent of the qualified reduction, if the applicable tax rate exceeds $1 but does not exceed $2 per $100 of actual value of the property.

Third, 11 percent of the qualified reduction, if the applicable tax rate exceeds $2 but does not exceed $3 per $100 of actual value of the property.

Fourth, 10 percent of the qualified reduction, if the applicable tax rate exceeds $3 but does not exceed $4 per $100 of actual value of the property.

Fifth, 7 percent of the qualified reduction if the applicable tax rate exceeds $4 but does not exceed $5 per $100 of actual value of the property.

Sixth, 5 percent of the qualified reduction if the applicable tax rate is $5 or more per $100 of actual value of the property.

The bill provides, however, that in no case shall the qualified reduction attributable to the exemption plus the bonus exceed $200 per over-65 property taxpayer in the State.

In short, the bill provides positive incentives to the States to enact senior citizen exemptions for the first $5,000 actual value of real property on the assurance that the Federal Government would replace these funds from general revenues, and would also pay a bonus of up to 13 percent depending on the effective tax rates within the States. States would certify these amounts to the Secretary of the Treasury. The Secretary would pay over to the State such funds as are indicated by the States, provided, of course, the State gives assurance that the Federal money will be paid over to the appropriate political subdivisions of the State. As cost control, the Secretary would not be allowed to pay to the State more than $200 per certified over-65 property taxpayer.

As I have stated, I have no illusions that this bill is the entire answer to the problem of increasing property taxes. Perhaps also the amounts in the bill will have to be changed. But I do hold that the philosophy of this bill, which seeks to substitute the progressive income tax for the regressive property tax, is sound—that this is the right way to go—if we are to help our senior citizens whose fixed retirement incomes in recent years have been ripped to shreds by the twin buzz saws of inflation and escalating real estate taxes.

Finally, I ask unanimous consent to have entered in the RECORD at this point two articles by Columnist Sylvia Porter entitled, "Property Taxes Become Crushing" and "Rising Taxes on Homes, and the Search for a Way Out," together with the text of the bill.

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

PROPERTY TAXES BECOME CRUSHING

(By Sylvia Porter)

The strong controls of Phase 2 must moderate the pace of upsurge in over-all housing costs, but they cannot even touch one of the most painful and ever more expensive items in our lives—property taxes. These taxes will not be frozen, not ever. And property taxes will continue rising—for several reasons—for the foreseeable future.

Simply to suggest the intensity of the squeeze on many of us, in all income groups and all age brackets:

Our total property tax bill hit $37.5 billion in 1970, up 35 percent since 1967 alone, a rate nearly twice the average increase in the cost of living during the period. And the pace is quickening: 1970's bill was nearly 12 percent higher than 1960's.

In many cities, the property taxes on a medium-priced home and lot have crossed $1,000 a year. In virtually every major city, a homeowner's property taxes now exceed $500 a year.

Some cities and towns have raised tax assessments as much as 20 to 25 percent in a single year, and in some cases reassessments designed to spread the tax burden have meant doubling, tripling or even quadrupling the taxes of certain homeowners.

Next to your mortgage payment your tax bill today is likely to be your biggest homeownership cost, and property taxes have for years been among the fastest rising items in total living costs. The Washington-based Advisory Commission on Intergovernmental Relations reported not long ago that the city family pays an average of $1 in $25 earned by the household on local property taxes, including the taxes hidden in the rent of non-homeowners.

Why? Obviously, behind soaring property taxes are the rising costs of health, education, welfare and public services. Contributing are rising crime rates and mounting needs for more and better paid police. Part of the pattern is the rising need for more and better paid firemen, road construction and sanitation workers, similar workers.

On top of this, many towns and cities are struggling under staggering interest loads on bond debts run up to build schools, help finance new hospitals and transit systems, comply with tough new Federal, state and local antipollution laws, satisfy the demands of the public for a cleaner environment.

Making the massive burden feel even heavier is the fact that many homeowners are carrying too much of the load, and many too little. The injustices and the inequities as follows:

Our elderly, for instance—for many of whom school ended after the 8th, 10th or 12th year, who tend to use expensive highways much less than younger Americans and who are least able to bear any extra financial burdens—are probably the hardest hit of all.

Numbers of elderly, in fact, are being compelled to give up owning and living in their own homes primarily because they can't take the climbing property taxes.

Farmers also are often victims, especially in recreation-oriented areas where land is increasingly being assessed and taxed on the basis of its real estate potential, instead of its meager return as pure farm land.

In a cross-section of cities and towns, the poorest are shouldering a disproportionately large share of property taxes while mobile homeowners—whose homes are taxed as personal property rather than in the form of real estate taxes—are not bearing their full share of local tax costs.

And while those citizens who have fled to suburban bedroom communities may squawk about their own property taxes, they also are escaping the heavy burdens in the cities to which they commute daily to earn their incomes.

All sorts of suggestions are being tossed around. One would junk the property tax system entirely by "piggy-backing" on state incomes taxes and giving the states responsibility for paying certain costs now being borne by cities and towns. Another would have the federal government take over responsibility for paying public school costs in the nation's 25 biggest cities. A third, cited recently by Norman Karsh, executive director of President Nixon's Commission on School Finance, would equalize tax rates for education throughout the United States and would have the states in areas of low property values kick in extra funds. And, of course, pressure continues for more federal revenue sharing.

But while the system remains as is—which it will for quite a while—can you, a householder, curb the cost of your property taxes? Indeed, you can.

RISING TAXES ON HOMES, AND THE SEARCH FOR A WAY OUT

Anger over real estate taxes is boiling up, setting off a scramble for alternatives. A new study reveals a wide range in burdens on homeowners.

A homeowners' revolt against rising property taxes is forcing cities to seek other sources of revenue.

How poorly they are succeeding is suggested by the fact that the real estate tax still accounts for $8.50 of each $10 in local taxes collected.

In most cities beset by soaring expenses, property owners have been hit by a long string of property-tax boosts.

A look at what is happening has just been made public by the International City Management Association and other local-government organizations. They conducted a survey of cities all over the country. Some of the findings:

The typical property tax on a house and lot with a sale value of $25,000 was $595 in the year ended in mid-1969. A Census Bureau study for the year ended in mid-1966 indicated a typical tax of $495 on that home.

The tax tends to be higher in suburbs than in central cities—typically $632 for a $25,000 home in the outskirts, against $563 in the city.

Mark Keane, executive director of the city-management group, ascribed the difference to school levies. "On the average," he said, "the suburbs raise almost $100 more in school taxes per $25,000 home than the central cities."

Property taxes vary, too, from area to area. For Northeastern cities surveyed, the typical tax on a $25,000 home was $851, more than 40 per cent above the nationwide average. For Southern cities, the typical real estate tax on such a home was $450—nearly a fourth below average.

Size of communities also shows up as a factor. The smallest cities studied—with populations of 25,000 to 50,000—had a typical tax of $702 on a $25,000 home. Lowest level was in cities with more than 500,000 population, a typical tax of $534.

The list of cities on page 71 shows the wide spread in homeowners' tax burdens.

SPREADING REVOLT

Cities that depend most heavily on the real estate levy for revenue find boosts now are coming with increasing difficulty as voters' ire grows.

In States that require voter approval in tax referendums, rejections have been frequent recently. In some communities—in Ohio, for example—schools have been shut down for varying periods because voters have withheld operating funds.

Recently, the plight of homeowners has been cited more and more in support of proposals for the Federal Government to share its revenues with State and local units. On June 25, President Nixon told an audience:

"Approximately 70 per cent of Americans over 65 own their own homes. This means that the growing burden of property taxes falls on their shoulders with special weight.

"When a person retires, his income goes down—and so do most of his tax bills. But his property taxes keep right on climbing—and he may even be forced out of the home he has paid for. This is one reason I want revenue sharing."

RELIEF SOUGHT

Nearly everywhere, property-owner complaints and local-government frustrations have become commonplace. In the past week or so—

Homeowners in Florida's Dade County, which includes Miami, have complained bitterly about increases in property assessments—up to 27 per cent or more in 1971 over 1970.

Georgia's municipal association and county commissioners' association have urged that the State's sales tax be boosted from 3 per cent to 4 in order to make way for property-tax relief.

In Virginia, civic and political groups have called on a State tax commission to relieve property owners by pushing for a law giving localities power to impose a piggyback surtax on top of the State's income tax.

On June 28, Philadelphia's school board adopted a new budget calling for elimination of all extracurricular activities—including sports, music, art, dramatics and debating—and the use of school facilities after school hours.

For local officials, County Judge William O. Beach, of Montgomery County, Tennessee, summed it all up recently when he said:

"The painful fact is that we have reached the limits of political tolerance with respect to property taxation."

S. 1232

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Elderly Homeowners' Property Tax Relief Act."

SEC. 2. For purposes of this Act—

(1) The term "real property tax reduction for the elderly" means a reduction (whether by exemption, refund, or otherwise) of all or a portion of the taxes imposed by a State or any political subdivision of a State on real property owned by an individual who has attained age 65 and used by him as his principal residence.

(2) The qualified reduction, with respect to any real property, is the lower of (A) $200, or (B) the reduction which is attributable to so much of the actual value of the property as does not exceed $5,000.

(3) The term "Secretary" means the Secretary of the Treasury.

(4) The term "State" includes the District of Columbia.

SEC. 3. (a) The Secretary is authorized and directed to pay to each State which provides real property tax reduction for the elderly, or any political subdivision of which provides real property tax reduction for the elderly, the amount of the qualified reduction attributable thereto plus—

(1) if the applicable tax rate does not exceed $1 per $100 of actual value of the property, 13 percent of the qualified reduction;

(2) if the applicable tax rate exceeds $1 but does not exceed $2 per $100 of actual value of the property, 12 percent of the qualified reduction;

(3) if the applicable tax rate exceeds $2 but does not exceed $3 per $100 of actual value of the property, 11 percent of the qualified reduction;

(4) if the applicable tax rate exceeds $3 but does not exceed $4 per $100 of actual value of the property, 10 percent of the qualified reduction;

(5) if the applicable tax rate exceeds $4 but does not exceed $5 per $100 of actual value of the property, 7 percent of the qualified reduction; and

(6) if the applicable tax rate is $5 or more per $100 of actual value of the property, 5 percent of the qualified reduction.

(b) Payments shall be made by the Secretary under subsection (a) with respect to real property tax reduction for the elderly provided by political subdivisions of a State only if the State gives assurances satisfactory to the Secretary that it will pay over to the political subdivisions the portion of each payment attributable to the reduction provided by them.

(c) Payments shall be made by the Secretary under subsection (a) at such time or times as the Secretary may prescribe, but not less frequently than once each year.

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

By Mr. MOSS:

S. 1233. A bill to authorize reduced fares on the airlines on a space-available basis for individuals 21 years of age or younger or 65 years of age or older. Referred to the Committee on Commerce.

REDUCED AIRLINE FARES FOR YOUTHS AND SENIOR CITIZENS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to amend section 403 of the Federal Aviation Act of 1958 to authorize reduced fares on the airlines for individuals 21 years of age or younger or 65 years of age or older.

I have sponsored this legislation in the past three sessions of the Congress. It has passed the Senate twice only to languish in the House of Representatives. I am hopeful that the bill can be enacted this year.

The genesis of this bill was the controversy concerning youth fares promulgated by the airlines in the late 1960's and in effect until last year when they were phased out by order of the Board. Several airlines petitioned the CAB for permission to offer reduced fares for young people on a standby or space available basis. The CAB allowed them to do so under its general powers, but absent any specific authorization by the Congress.

In 1968, several bus companies and a group of middle-aged citizens brought suit seeking to invalidate the youth fares on the grounds that the CAB exceeded its authority in allowing them and charging that such fares discriminate against the middle-aged and senior citizen population. The court did not overrule youth fares, instead it asked the CAB to reexamine its position.

The CAB conducted exhaustive hearings and in a badly split decision decided to phase out youth fares effective June 1974.

My bill was intended to clarify this situation and to provide the CAB with specific legislative authority to allow youth fares. This proposal which passed the Senate in September 1972, as an amendment to S. 2280 and in 1973 as S. 2651, was and is discretionary. No airline need offer such fares if it does not wish to do so. Significantly, my bill limits such youth fares to standby or space-available basis. In my judgment, the so-called student fares offering a guaranteed seat at reduced fares caught the court's attention when it raised the discrimination issue. In allowing a guaranteed seat for 66 percent of full fare, instead of a 50-percent reduction on a space-available basis, the inherent advantages of the standby fares were lost and new questions of possible discrimination were raised.

Certainly it can be argued that reduced fares for any age group are on their face discriminatory against nonfavored age groups. But existing law bars only unjust discrimination. Moreover, the Congress can provide for preferential treatment of one category of persons if it provides a rational basis for treating this group differently from the rest of society. Finally, most people would agree that any claim of discrimination is substantially vitiated when the proposed beneficiary is forced to undergo the uncertainty and discomfort of standing by to see if there are unused seats available.

I feel that youth fares should be continued—at least those airlines which wanted to should be able to offer such fares, but on a space available basis only. I understand that TWA has petitioned the CAB for permission to reinstitute such fares and that CAB data demonstrates such fares while in operation were highly profitable and income generative.

My bill to this effect is in recognition of the modest incomes of younger Americans; it recognizes the desirability in fostering the flying habit among America's young people. In short, I believe this proposal makes good sense from both an economic and a social policy viewpoint.

I believe that the case in favor of reduced fares for senior citizens on the airlines is just as compelling. Several airlines have attempted to offer reduced fares for senior citizens, but have been blocked by the CAB on the basis of the possible discriminatory effect of these fares. Like the youth fare provisions noted earlier, my bill would authorize those airlines which so desire to offer reduced fares for senior citizens on a space available basis. My reasons for suggesting this proposal are:

First, the average load factor on the airlines is less than 50 percent; for the fourth year in a row—airlines are flying less than half full;

Second, senior citizens are precisely the group that could make use of the airlines during offpeak hours when travel is the lightest;

Third, senior citizens make up only 5 percent of all airline passengers, but 10 percent of our population;

Fourth, senior citizens do not fly, because they cannot afford to do so; and

Fifth, when fares are reduced the senior citizens will take advantage of the reductions.

I offer two examples: The Chicago and New York experiments with mass transit have been most successful. In the first year after fare reductions, the mayor's Office on Aging in New York announced a 27-percent increase in ridership.

The only airlines the CAB has offered to allow reduced fares for senior citizens since 1965 are Aloha and Hawaiian Airlines. Since instituting the fares in 1968, Hawaiian has experienced a 38-percent increase in overall passengers, but a 400-percent increase in senior citizen passengers. I want to emphasize that these fare reductions are offered on a standby only basis, like my current proposal. At the same time Hawaiian has seen senior citizen standby revenues increase by more than 400 percent since 1968.

Let me now address the question of the suitability of standby fares for senior citizens directly.

First, I offer the success of Hawaiian Airlines—the only ongoing experiment on reduced fares as an example of "senior citizens standby" fares at work.

Second, I would point out that the White House Conference on Aging considered the question and delegates from each of our States asked the Congress to institute reduced fares on a space available basis:

Third, the inconvenience of waiting in an airline terminal is offset by the inconvenience of traveling long hours in a bus; and

Fourth, if senior citizen fares are to be successful, fares must be reduced as much as possible. Deep reductions in fares are not possible or economically feasible on a positive space basis.

I believe that this proposal is an important step in correcting the way that this society treats its elderly. We some-

times forget that almost one out of four seniors lives in poverty, that medicare still only covers 42 percent of their health needs and that 6 million seniors live in substandard housing. My bill represents a test of the way our society will treat its older citizens in the future.

I hope the bill can be enacted for the benefit of both our young people and their elders who have contributed so much to society for so long. I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1233

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, The last sentence of section 403(b) of the Federal Aviation Act of 1958 is amended by inserting after "ministers of religion" the following: "or individuals who are twenty-one years of age or younger or sixty-five years of age or older".

By Mr. MOSS.

S. 1234. A bill to amend the Public Health Service Act to enlarge the authority of the National Institute for Neurological Diseases and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy, and other diseases. Referred to the Committee on Labor and Public Welfare.

THE NATIONAL MULTIPLE SCLEROSIS AND EPILEPSY ACT OF 1975

Mr. MOSS. Mr. President, I offer for appropriate reference a bill to amend the Public Health Service Act to enlarge the authority of the National Institute of Neurological Disease and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy, autism, and other neurological diseases. The short title of this bill is, "The National Multiple Sclerosis and Epilepsy Act of 1975."

I introduced this bill in the last session as S. 1959. I reintroduce this measure, because it is estimated that anywhere from 23 to 45 million Americans suffer from chronic neurological or disabling sensory disorders. Impairments range from speech defects and hearing problems to disorders of the nervous system causing crippling and death.

These conditions include multiple sclerosis, cerebral palsey, epilepsy, stroke, muscular dystrophy, Parkinson's, spinal injury, mental retardation, hearing impairment, autism, hearing disorders, and many others.

Mr. President, I enter in the RECORD at this point a table showing the incidence of neurological disorders in the United States:

Incidence of neurological disorders in the United States

[Source U.S. Public Health Service Publication No. 1427]

Major neurological disorders:	
Cerebral palsy	750,000
Epilepsy	4,000,000
Mental retardation	6,000,000
Multiple sclerosis	500,000
Muscular dystrophy	200,000
Parkinson's disease	1,000,000
Spinal cord injury	100,000
Strokes	2,000,000
Hearing impairments	8,549,000
Total	23,099,000
Other neurological disorders:	
Amytrophic lateral sclerosis	9,000
Head injuries	3,053,000
Huntington's disease (chorea)	14,000
Myasthenia gravis	30,000
Reading disabilities (school child)	8,000,000
Spina bifida	27,500
Brain tumors	140,000
Speech impairments	10,000,000
Visually impaired (cannot read newsprint with visual aids)	1,239,000
Total	22,512,500
Total individual affected	45,611,500

As chairman of the Subcommittee on Long-Term Care of the U.S. Senate Special Committee on Aging I have found that it is not uncommon for individuals affected by these conditions to have multiple handicaps. In fact, I am told that people affected by these chronic, long-term care conditions are confined more to bed, chair, and house, and need more assistance in daily living than victims of most all other diseases combined.

Unfortunately, there are no known cures for the vast majority of these problems. This means that millions of individuals continue to suffer grave disabilities, that millions of families must struggle to provide them with the assistance they need. Since there is a distinct absence of Government programs to help families support these individuals in their own homes, great numbers turn to nursing homes for assistance. Most families cannot afford the cost of nursing homes.

These disabilities take their toll not only from the individual and his family, but deplete the wealth of the Nation as well. I stress that these conditions produce long-term disability often lasting from childhood throughout life. The estimated cost of care for these neurological and sensory disorders is about $10.5 billion yearly. Multiple sclerosis alone accounts for a $2 billion economic loss.

It is clear, therefore, that it is very much in the interest of the people of the United States to conduct an all out attack against these disorders. This is the purpose of my bill.

In terms of measuring our present effort I would acknowledge the great strides by the National Multiple Sclerosis Society which has since 1947 awarded more than $16 million in grants for research and postdoctoral fellowships to develop cures for these conditions.

We are still a long ways from finding a cure for multiple sclerosis or MS which is a disease characterized by the progressive deterioration of the central nervous system but our knowledge is increasing by leaps and bounds. Most investigators presently believe that MS is probably the result of an infection contracted at an early age, which does not usually appear as a novert disease until sometime between the ages of 20 and 40. MS is known as the great crippler of young adults striking them down in their prime; there are almost no cases of the onset of MS after age 50.

Fortunately, there is an excellent program of research underway at the National Institute of Health specifically within the National Institute of Neurological Diseases and Stroke—NINDS. However, NINDS is just one of the 10 institutes at the National Institutes of Health and has received the least favored treatment in terms of publicity or appropriations. This is particularly true now that the Congress has authorized major attacks on cancer and heart disease. In 1972, NINDS received only $116 million as compared for example with $379 million for the National Cancer Institute.

My bill would provide a $100 million increase in the authorizations for the next fiscal year followed by a $125 million increase and a $150 million increase for the second and third year respectively. My bill would authorize 6 new centers for clinical research into, training in and demonstration of, advanced diagnostic and treatment methods for multiple sclerosis and 14 new clinical research and treatment centers for other neurological and sensory disorders which I have mentioned previously.

With this bill today I hope to give some visibility to the NINDS and to focus public attention on the need to overcome this series of chronic and crippling diseases. By introducing this bill I do not suggest that other diseases or disorders are unimportant nor do I suggest that the other Institutes at the National Institutes of Health should be neglected. On the contrary, I believe that they, too, should receive special attention from the Congress and increased funding. Particularly is this true for the National Institute for Arthritis and Metabolic Diseases which is almost as underfunded as the National Institute of Neurological Disease and Stroke.

As I noted earlier arthritis and neurological disorders are quite commonly found in nursing homes and perhaps this accounts for my interest in this bill. I add in closing that I have introduced legislation earlier this session that would expand the scope of medicare to provide nursing home and in-home supportive services for disabled individuals. This would be greatly beneficial to families who struggle to help take care of their loved ones who fall victims to these diseases. I urge prompt enactment of this bill and ask unanimous consent that its text be printed in the RECORD.

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

S. 1234

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

SHORT TITLE

SECTION 1. This Act may be cited as the "National Multiple Sclerosis and Epilepsy Act of 1975".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. (a) Congress finds and declares that—

(1) approximately 23 million Americans suffer from chronic neurological or disabling sensory disorders ranging from speech and hearing malfunction to crippling and fatal nervous system disorders;

(2) these conditions include multiple sclerosis, cerebral palsy, epilepsy, stroke, muscular dystrophy, Parkinson's spinal injury, mental retardation, hearing impairment, hearing disorders, and many others;

(3) It is not uncommon for individuals to be afflicted with more than one of these conditions;

(4) there are no known cures for the majority of these diseases, with the result that millions of individuals continue to suffer

grave disabilities throughout their lifetimes, and that millions of families must struggle to provide them with the assistance they need;

(5) there is an absence of government programs to help families support these afflicted individuals in their own homes;

(6) these disabilities are characteristically long-term and cause estimated annual economic loss to the Nation of $20.5 billion; and

(7) the greatest potential advancement against neurological and sensory disease lies in the National Institute of Neurological Diseases and Stroke of the National Institutes of Health whose research institutes have brought into being the most productive scientific community centered upon health and disease that the world has ever known.

(b) It is the purpose of this Act to enlarge the authority of the National Institute of Neurological Diseases and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy and other neurological diseases.

SEC. 3. Part D of title IV of the Public Health Service Act is amended by redesignating sections 432 and 433 as sections 434 and 435 and by inserting immediately after section 431 the following:

"NATIONAL NEUROLOGICAL DISEASES PROGRAMS

"SEC. 431. (a) The Director of the Institute shall within one hundred and eighty days after the effective date of this section, develop a plan for a neurological disease program (hereafter in this part referred to as the 'program') to expand, intensify, and coordinate the activities of the Institute respecting such diseases. The program shall provide for—

"(1) investigation into the epidemiology, etiology, and prevention of all forms and aspects of neurological disorders, including investigations into the social, environmental, behavioral, nutritional, biological, and genetic determinants and influences involved in the epidemiology, etiology, and prevention of such diseases;

"(2) studies and research into the basic biological processes and mechanisms involved in neurological disorders;

"(3) research into the development, trial, and evaluation of techniques, drugs, and devices used in, and approaches to, the diagnosis, treatment, and prevention of neurological diseases and disorders and the rehabilitation of patients suffering from such diseases;

"(4) establishment of programs and centers for the conduct and direction of field studies, large-scale testing and evaluation, and demonstration of preventive, diagnostic, therapeutic, and rehabilitative approaches to neurological diseases and disorders;

"(5) the education and training of scientists and clinicians in fields and specialties requisite to the conduct of programs respecting neurological diseases and disorders;

"(6) public and professional education relating to all aspects of neurological diseases and disorders; and

"(7) establishment of programs and centers for study and research into neurological diseases and disorders and for the development and demonstration of diagnostic, treatment, and preventive approaches to these diseases.

"(b)(1) The plan required by subsection (a) of this section shall be transmitted to the Congress and shall set out the Institute's staff requirements to carry out the program and recommendations for appropriations for the program.

"(2) The Director of the Institute shall, as soon as practicable after the end of each calendar year, prepare and submit to the President for transmittal to the Congress a report on the activities, progress, and accomplishments under the program during the preceding calendar year and a plan for the program during the next five years.

"(c) In carrying out the program, the Director of the Institute, without regard to any other provisions of law, may—

"(1) obtain (in accordance with section 3109 of title 5, United States Code, but without regard to the limitation in such section on the number of days or the period of such service) the services of not more than fifty experts or consultants who have scientific or professional qualifications;

"(2) acquire, construct, improve, repair, operate, and maintain neurological disease centers, laboratories, research, and other necessary facilities and equipment, and related accommodations as may be necessary, and such other real or personal property (including patents) as the Director deems necessary; and acquire, without regard to the Act of March 3, 1877 (40 U.S.C. 34), by lease or otherwise through the Administrator of General Services, buildings or parts of buildings in the District of Columbia or communities located adjacent to the District of Columbia for the use of the Institute for a period not to exceed ten years; and

"(3) enter into such contracts, leases, cooperative agreements, or other transactions, without regard to sections 3648 and 3709 of the Revised Statutes of the United States (31 U.S.C. 529, 41 U.S.C. 5), as may be necessary in the conduct of his functions, with any public agency, or with any person, firm, association, corporation, or educational institution.

"(c) There are authorized to be appropriated to carry out this section such sums as may be necessary.

"NATIONAL CLINICAL RESEARCH AND DEMONSTRATION CENTERS FOR NEUROLOGICAL DISEASES AND DISORDERS

"SEC. 432. (a) The Director of the Institute shall provide for the development of—

"(1) 6 new centers for clinical research into, training in, and demonstration of, advanced diagnostic and treatment methods for multiple sclerosis; and

"(2) 14 new clinical research and treatment centers for other neurological and sensory disorders including, but not limited to, cerebral palsy, epilepsy, stroke, muscular dystrophy, Parkinson's disease, spinal injury, mental retardation, and hearing disorders.

"(b) The Director of the Institute, under policies established by the Director of the National Institutes of Health may enter into cooperative agreements with public or nonprofit private agencies or institutions to pay all or part of the cost of planning, establishing, or strengthening, and providing basic operating support for existing or new centers for clinical research into, training in, and demonstration of advanced diagnostic and treatment methods for neurological diseases and disorders. Funds paid to centers under cooperative agreements under this subsection may be used for—

"(1) construction, notwithstanding section 405;

"(2) staffing and other basic operating costs, including patient care costs as are required for research;

"(3) training, including training for allied health professions personnel; and

"(4) demonstration purposes.

The aggregate of payments (other than payments for construction) made to any center under such an agreement may not exceed $5,000,000 in any year. Support of a center under this subsection may be for a period of not to exceed 5 years and may be extended by the Director of the Institute for additional periods of not more than 5 years each, after review of the operations of such center by an appropriate scientific review group established by the Director.

"(c) For the purposes of carrying out this section, there are authorized to be appropriated $100,000,000 for the fiscal year ending June 30, 1975; $125,000,000 for the fiscal year ending June 30, 1976; and $150,000,000 for the fiscal year ending June 30, 1977.

"NEUROLOGICAL DISEASE CONTROL PROGRAMS

"SEC. 433. (a) The Director of the Institute, under policies established by the Director of the National Institutes of Health shall establish programs as necessary for cooperation with other Federal health agencies, State, local, and regional public health agencies, and nonprofit private health agencies in the diagnosis, prevention, and treatment of neourological diseases and disorder.

"(b) There are authorized to be appropriated to carry out this section such sums as may be necessary.

"RESEARCH GRANTS

"SEC. 434. (a) The Director may make grants to public or nonprofit private entities under rules and regulations approved by the Director of the National Institutes of Health, for research and training in neurological diseases and disorders not exceeding $100,000 per year.

"(b) There are authorized to be appropriated to carry out the purposes of this section, such sums as may be necessary.".

EFFECTIVE DATE

SEC. 4. This Act and the amendments made by the Act shall take effect sixty days after the date of enactment of this Act or on such prior date after the date of enactment of this Act as the President shall prescribe and publish in the Federal Register.

By Mr. McCLURE:

S. 1235. A bill to abolish the Interstate Commerce Commission. Referred to the Committee on Commerce.

Mr. McCLURE. Mr. President, most issues in economics are complex. A few are clear. One of these concerns the regulation of transportation, and in particular of rail transportation by the Interstate Commerce Commission. On this issue virtually all independent students agree, from John Kenneth Galbraith to Milton Friedman inclusive.

In fact, it was a socialist historian, Gabriel Kolko, who pointed out in his modern classic, "The Triumph of Conservatism," that what private enterprise could not achieve in the marketplace—monopoly power—it did achieve via the route of federal legislation. So it was, that an attorney employed by the Pennsylvania Railroad wrote the legislation which expanded the powers of the ICC in the early 1900's. The subsequent history of the ICC illustrates the failure of regulation.

According to a study by the Brookings Institution, the economic loss resulting from ICC regulation in 1968 alone ranged from a low of $3.78 billion to a high of $8.79 billion. One basic reason for this failure may be analyzed.

Antitrust action is deemed unwise in those industries termed natural monopolies. A antural monopoly is one in which fixed costs are so high that it would be inefficient to have more than one firm. Railroad tracks are a prime example. Although it is enormously expensive to send one train across country, the extra costs of a second or one hundredth train is comparatively small. Clearly, to break up a railroad firm by antitrust would be foolish.

As the alternative for preventing monopoly exploitation by a natural monopoly, rates of return on investment are established such that they approximate the rates in the overall economy. This rate

is defined, basically, as the ratio of profit-to-capital—revenue minus cost—investment.

When an actual rate exceeds the established rate, prices or other adjustments are made.

This general procedure yields two types of distortion. First, labor tends to be replaced by capital. This increases the denominator and consequently lowers the actual rate of return to accommodate the established rate. Not only is this inefficient—if it were efficient, it would be done in the absence of regulation—it reduces employment opportunities for labor.

The second distortion also occurs in an effort to keep the actual rate of return down. Inefficiencies which increase cost are allowed to rise. Thus, inefficiency becomes the tool by which profits are manipulated so that the ratio to capital investment remains below the set level. The results are conspicuous. Our regulated firms are models of shoddy performance.

We may inquire if monopoly profit might not be a lesser evil than inefficiency, reduced output, and poor quality.

But, in fact, natural monopoly erodes with time. First, as demand expands, sufficient sales enable several firms to operate. In other words, more than one set of tracks is needed to handle traffic between many points. Second, and more importantly, technological advance produces competition. Railroads face the competition of trucks and airplanes.

Nowadays, the case is made that cutthroat competition is the danger to be guarded against. But this must mean one of two things. If one firm drives another out of business, it is the result of selling a better product at the same price, or the equivalent product at a lower price. Either way, the Nation benefits.

The other possibility is predatory competition. Here, one firm will sell below cost to force others out. Then, with a monopoly established, prices are raised. The major point is empirical. There is no evidence that this occurs.

We ought not to be surprised; logic would indicate that it is a technique that cannot work. If a firm were to sell below cost in order to drive another out, the facilities, the trained labor and physical capital remain. Any potential new competitor would be able to hire those at bargain rates and begin operations. Furthermore, because of his larger volume, the predator will suffer a greater total loss than the smaller upstart, since he is selling more units at a loss.

Theoretically, the ICC was established to protect the economy, to provide lower prices, greater output, better service. The mass of evidence, empirical and logical, has demonstrated its failure and, moreover, the inevitability of failure. In a classic case, Southern Railroad applied for a 60-percent reduction in freight rates, an effort which required 4 years of legal work and 17,000 pages of testimony. Our current crisis in transportation does not allow such wasteful luxury. Let us have the intelligence and the courage to act decisively.

One way is to get rid of the Interstate Commerce Commission entirely. We have talked and talked about its failure. Our recent experience with the Penn Central is only the latest proof. Why must failure be perpetuated? It is with this in mind that I am introducing legislation today which would abolish the ICC within a year of enactment.

Mr. President, I ask unanimous consent that an article concerning ICC regulation and the trucking industry be included in the RECORD, as another example of the history of regulation and the need for abolishment of the ICC.

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

[From the Anaheim Bulletin, Mar. 28, 1974]

STOP MISUSING A GOOD TERM

(By Alan W. Bock)

WASHINGTON.—It is perhaps presumptuous for a lone columnist to be calling for a moratorium of any sort. But anybody who writes at all has a certain reservoir of presumptuousness. Herewith is evidence of mine. I offer only a suggestion. I don't have the power to enforce it, and I wouldn't want that power. But I do enjoy offering suggestions.

I would like to see a strict moratorium on the use of the term "free enterprise" by businessmen who patently don't know what the terms means.

The specific occasion which prompts this suggestion (though the idea has been smoldering for years) is an address March 6 by H. Dillon Winship, Jr., chairman of the board of the American Trucking Association, at an ATA meeting in Atlanta. According to the ATA press release, Winship urged trucking industry public relations representatives to emphasize the role of truck transportation in maintaining the free enterprise system "that every American lives in . . . and lives better because of it."

"We have been flooded with anti-American, anti-free enterprise system propaganda for so long," Winship emphasized, "that some of the truths about his great country and its free enterprise system are buried. The trucking industry is part of that system."

Ordinarily one would be encouraged to find a business leader speaking up in defense of free enterprise. But for the chairman of the American Trucking Association to claim that his industry is part of that system is ludicrous and misleading. Let's avoid calling him a hypocrite, and put it down to a fairly complete lack of understanding about just what free enterprise is.

The American Trucking Association is, specifically, the association of regulated truckers of America. The organization is composed of those companies whose rates, routes and manner of doing business is controlled down to the smallest detail by the Interstate Commerce Commission. It is an industry in which there can be no price competition, for example, because prices are set by the government.

The American Trucking Association, further, is an organization which boasts proudly of its role in getting the Motor Carrier Act of 1935—the basic law which regulates trucking—passed through the Congress. The effect of the regulation (besides stifling price competition) is to make it more difficult to enter certain areas of the trucking industry, thus protecting existing companies from "unfair and irresponsible" new competition.

Some would call such an economic arrangement a cartel. Some would call it a State-protected ologopoly. But one thing which it is not is "free enterprise."

My particular ire at ATA's loose use of the term "free enterprise" was further aroused by a discussion with ATA's director of press relations just a few days after Mr. Winship's speech. I suggested to this gentleman that de-regulation of the trucking industry might serve the interests of the industry and most of all the consumer. He said he was familiar with the argument of some ivory tower academicians who had made such proposals, but that the trucking industry needed regulation, "in the public interest" of course. He referred me to a recent speech by an ICC Commissioner (whose only personal interest might be that de-regulation could eliminate his cushy $36,000-a-year job) who claimed that de-regulation would bring about "chaos."

It is probably unfair to single out ATA for this attack on business inconsistency, but they made such a tempting target. In fact, however, the country is full of businessmen who extol the virtues of free enterprise one day and go begging the government for a new subsidy or a new regulation the next. That's why I propose a moratorium across the board, until such time as certain businessmen begin practicing what they preach.

If these businessmen were to spend the time they would have spent in writing and delivering speeches on the glories of free enterprise in reading Milton Friedman, Ludwig von Mises, Friederich von Hayek, Yale Brozen or one of a dozen other economists who have some inkling of what free enterprise really means, that would be an added bonus. But I'm not asking for miracles. Just stop misusing the term and confusing the public, and I'll be happy.

By Mr. BARTLETT:

S.J. Res. 60. A joint resolution proposing an amendment to the Constitution of the United States relating to open admissions to public schools. Referred to the Committee on the Judiciary.

Mr. BARTLETT. Mr. President, today I am reintroducing my proposed constitutional amendment to prohibit forced crosstown busing to achieve a racial balance of our schoolchildren.

Although the center of dissent against busing has now shifted from the South and Southwest to the North, still the vast majority of all Americans, black and white, remain in opposition.

There is no way that any rhetorical argument can explain to a mother and father why their child cannot go to their neighborhood school but must be bused miles across town to achieve some dubious racial balance.

I first expressed my opposition to forced busing in 1969 while I was Governor of Oklahoma. At that time I said:

> Busing, however, requires the school board and/or superintendent to discriminate against some students (of each race) attempting to eliminate the results of long time discrimination. However discrimination to end discrimination is indefensible and is a cure as sickly as the disease itself.

Time has vindicated that conclusion.

Forced busing continues to be strongly opposed and while few, if any, tangible, worthwhile results can be shown from its implementation.

Mr. President, I hope this body will yield to the will of the people. The people do not want busing, and as their representatives it is our duty to eliminate it from our system.

By Mr. MONDALE:

S.J. Res. 61. A joint resolution to prohibit for a period for 90 days the President of the United States or his representatives from entering into any international minimum pricing agreements for petroleum. Referred to the Committee on Foreign Relations.

Mr. MONDALE. Mr. President, the United States has rapidly become identified in international circles as a leading proponent of minimum pricing arrangements for oil. Events are now moving rapidly toward multilateral endorsement of this approach. At the urging of our State Department representatives, the International Energy Agency this past weekend announced agreement on the broad outlines of a minimum selling price system for oil consuming countries.

Clearly, any program providing a minimum price for petroleum has far-reaching implications for the American economy. It would determine the price which consumers must pay not only for oil, but also for every other form of energy and for goods requiring energy in the production process.

Given the importance of such a proposal, it stands to reason that it would be advanced in international meetings only after extensive domestic debate with the full legislative authority required for its implementation. It is the Congress that has the constitutional responsibility for regulating interstate and foreign commerce and for enacting the laws that will determine the fundamental shape and content of our Nation's energy program.

Yet, incredibly, while the State Department is even now persuading other countries to ratify the concept of minimum pricing arrangements, no specific legislative authority has been obtained, and no serious attempt has been made to determine whether the Congress and the American public will support this program.

It is for this reason that I am today introducing a resolution prohibiting the President from entering into any agreements on minimum international pricing arrangements for petroleum for the next 90 days, during which the Congress can review his proposals. Thereafter any such agreements would have to be approved by both Houses of the Congress.

The resolution I am submitting would not prejudge the question of whether a floor price system might, upon consideration, be acceptable to the Congress. Rather, it would serve as a warning that important questions have been raised, questions that the Congress must ultimately decide, and questions that should be at least debated, if not resolved, before the United States commits its national prestige even more heavily to the minimum price concept.

For example, on a floor price for oil among consuming countries, many respected economists differ with the arguments advanced by the Secretary of State. The stated aim of this proposal is to protect investment in high cost alternative energy sources against the risk of a precipitous drop in the cost of oil. Nonetheless, there is little agreement among even the experts about what the cost of production for these alternatives might be. A study released last week by the Organization of Economic Cooperation and Development, for instance, estimated that the landed costs of North Sea and Alaskan oil might be less than $1.50 per barrel, one-fifth the level projected by previous analyses. This study calculated the cost of oil produced from shale at between $4 and $7 a barrel, of gas derived from coal at $3.20 to $4.60 a barrel, and of oil from tar sands at $4 a barrel—all substantially below earlier estimates.

Unless we know the actual cost and production mix of these fuels, the American public will be forced to gamble on a floor price, a gamble in which the stakes would be the highest in history. Estimates of the possible level at which a floor price might be established vary from as little as $6 to as high as $8 per barrel. But for each dollar that this floor was set above the minimum necessary, American consumers would lose $13 billion per year.

If major risks are involved in a floor price for oil to be established by consuming countries, the dangers are magnified many times over when long-term price guarantees for producers are considered. In the foreseeable future it is the price of petroleum that will be the major determinant of real energy costs to consumers.

For the first time since the October 1973 embargo, it appears that market forces are beginning to favor oil-consuming countries. The world's known oil reserves have increased by at least 30 billion barrels in the past 2 years. With an idling of over 30 percent of their production capacity, OPEC members are reportedly struggling to maintain current prices in the face of a growing surplus of oil on the world market. Some producers have been forced to offer easier credit terms, others to enter into secret deals at reduced prices, in order to find markets for their petroleum. Others, such as Abu Dhabi and Oman, might be tempted to increase production to meet unexpected cash difficulties. Given the circumstances, noted experts feel that a decision by the United States to enter into discussions that might lead to a stabilization of oil prices at or near current levels could help to save the cartel at precisely the time when it could be broken. The possibility that the United States might openly walk or—as a vocal advocate of minimum prices for consumers—be backed into a floor price agreement with the cartel is clearly too great to be ignored.

The dangers involved in negotiating price agreements with OPEC members go beyond the purely economic issue of cost. Any agreement with OPEC that is endorsed by the governments of the leading Western economies would only serve to legitimatize the cartel, providing a cloak of respectability for tactics that are already being eyed with increasing interest by other raw materials suppliers.

It is against these risks and potential costs that Secretary of State Kissinger's minimum price proposals must be measured. It may be that alternative methods can be used to stimulate new energy production, such as price guarantees or subsidies for developing industries, Government purchase contracts or an energy cost equalization program, with fewer dangers and equal or greater benefits. Conceivably, market forces alone or with Government aid in the form of centralized purchasing arrangements offers more hope of bringing about a reduction in petroleum prices than any negotiated agreement with OPEC could possibly provide.

The purely economic doubts are reinforced if one considers the political forum within which minimum price agreements with OPEC countries are likely to be considered. Invitations have now been extended to President Giscard d'Estaing of France for a preparatory meeting leading toward a conference of oil producing and consuming countries.

Our potential allies at such a conference, notably the Europeans and the Japanese, are keenly aware of their dependence on outside sources for energy and are reluctant to risk any offense of the OPEC cartel. The Europeans seem to be almost unanimous in the view that security of supply is more important than price. The single exception to this rule would appear to be Britain, which hopes to be an oil exporter by 1980 and has a direct stake in future revenues from high prices.

Despite the risks to the United States, the momentum for a producer consumer meeting is building rapidly. The preconditions for consumer solidarity that the United States had set for participation are being met as agreements are reached on petrodollar recycling and, in perhaps 2 weeks, on a minimum price arrangement within the IEA.

We face the prospect of a meeting with OPEC members in which minimum prices for producers, long-term supply contracts, and even indexing of oil revenues against inflation are all subject to discussion.

Have these risks and alternatives been fully considered? If so, by whom? By the Senate? By the House of Representatives? By the committees responsible for trade and energy legislation? While diplomats are intent on negotiating world agreements, the Congress has not endorsed or even examined the concept of minimum international prices for petroleum. And if our negotiators are "successful," as it appears they may be, the range of alternatives available to the Congress to deal with our energy problems will be severely circumscribed. Diplomacy in this instance is driving policy, rather than policy shaping our diplomatic goals.

I believe we should put first things first. Before the administration commits our country to any international oil pricing agreements, let them bring their proposals to Congress. Let us consider the alternatives. And if it is impossible to reach a consensus in advance of international meetings, at least let us find out and give notice to other countries of what our concerns and our reservations are. The worst of all possible worlds would be if other countries were to negotiate in good faith with the United States, only to find out that the agreements our own negotiators sought were unacceptable to

the Congress and to the American public. Such action could lead to a loss of national influence and prestige that would be tragic and, above all, avoidable if only the Congress and the executive communicated more fully in advance.

It is with these concerns in mind that I offer this resolution today. I realize that time is short. The International Energy Agency has already taken preliminary steps toward endorsing a minimum price agreement along the lines proposed by the United States. The very pace at which international discussions are proceeding, in my judgment, demands that this issue be raised now before the opportunity for a reasoned consideration of the merits and dangers of such an agreement is lost in charges and countercharges between the Executive and the legislature. An opening of the dialog between the Congress and the administration on this important question can be delayed only at great risk to the United States and to our role in world economic affairs.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 2

At the request of Mr. PROXMIRE, the Senator from Montana (Mr. METCALF) was added as a cosponsor of S. 2, a bill to amend the Communications Act of 1934 in order to recognize and confirm the applicability of and to strengthen and further the objectives of the first amendment to radio and television broadcasting stations.

S. 357

At the request of Mr. BAYH, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 357, a bill to amend title II of the Social Security Act to increase to $4,800 the amount of outside earnings permitted each year without deductions for benefits thereunder.

S. 662

At the request of Mr. WILLIAMS, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 662, the National Mass Transportation Assistance Act Amendments of 1975.

S. 772

At the request of Mr. TALMADGE, the Senator from South Dakota (Mr. ABOUREZK) was added as a cosponsor of S. 772, the Beef Research and Consumer Information Act.

S. 805

At the request of Mr. DOMENICI, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 805, a bill to amend section 5(c) of the National Trails Systems Act.

S. 810

At the request of Mr. EAGLETON, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 810, a bill to amend the National Flood Insurance Act.

S. 811

At the request of Mr. TUNNEY, the Senator from Minnesota (Mr. MONDALE), and the Senator from Georgia (Mr. TALMADGE) were added as cosponsors of S. 811, a bill to amend the Horse Protection Act of 1970 to better effectuate its purposes.

S. 926

At the request of Mr. THURMOND, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 926, a bill to remove statutory limitations upon the application of the Sherman Act to labor organizations and their activities, and for other purposes.

S. 981

At the request of Mr. PHILIP A. HART, the Senator from Rhode Island (Mr. PASTORE), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), and the Senator from Minnesota (Mr. MONDALE) were added as cosponsors of S. 981, the Food Stamp Act Amendments of 1975.

S. 1009

At the request of Mr. STONE, the Senator from Arizona (Mr. GOLDWATER), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Oregon (Mr. HATFIELD) were added as cosponsors of the bill (S. 1009) to amend title 13 of the United States Code to require the compilation of current data on total population between censuses and to require the use of such current data in the administration of Federal laws in which population is a factor.

S. 1124

At the request of Mr. BUCKLEY, the Senator from Pennsylvania (Mr. HUGH SCOTT) was added as a cosponsor of S. 1124, to encourage equity investment in minority enterprises.

S. 1155 THROUGH S. 1166

At the request of Mr. Moss, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 1155 through S. 1166, bills relating to nursing home reform.

S. 1171

At the request of Mr. TUNNEY, the Senator from Mississippi (Mr. EASTLAND) and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of S. 1171, a bill to amend the Internal Revenue Code of 1954 to allow a business deduction under section 162 for certain ordinary and necessary expenses incurred to enable an individual to be gainfully employed.

S. 1183

At the request of Mr. HARTKE, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 1183, a bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder.

S.J. RES. 39

At the request of Mr. DOLE, the Senator from California (Mr. TUNNEY) was added as a cosponsor of Senate Joint Resolution 39, to designate the week of March 17–23, 1975, as National Lead Poisoning Prevention Week.

SENATE RESOLUTION 115—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO GENEVA A. JOHNS

(Placed on the Calendar.)

Mr. CANNON, from the Committee on Rules and Administration, Reported the following resolution:

S. RES 115

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Geneva A. Johns, widow of Fred A. Johns, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to three months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REDUCTION ACT OF 1975—H.R. 2166

AMENDMENT NO. 138

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

Mr. ALLEN submitted an amendment intended to be proposed by him to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

AMENDMENTS NOS. 139 THROUGH 146

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

Mr. CURTIS submitted eight amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 147

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

Mr. BAYH submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

Mr. BAYH. Mr. President, when the House of Representatives last month passed its antirecessionary tax cut bill, I expressed the view that the bill took the correct form—with the stress on income tax rebates and reductions for individuals in the low- and middle-income ranges. But I also expressed concern over the fact that the House bill lacked an adequate stimulus to deal with the grave economic situation we face.

On the other hand, the tax bill now before the Senate shows that the Finance Committee recognizes the imperative need for an economic stimulus large enough to bring us out of our worst economic downturn since the 1930's depression. Unfortunately, the Finance Committee bill would provide the desired level of economic stimulus in the wrong fashion, through a myriad of special tax breaks that do not provide enough help to those who need it most. At the same time, the Senate version raises the specter of a prolonged conference with the House that could delay eventual enactment of this vital antirecessionary measure.

For these reasons, it is my intention to offer a substitute for the Finance Committee bill, combining the essential form of the House bill with an economic stimulus approximating that recommended by the Finance Committee. The substi-

tute amendment will provide a stimulus of $32.9 billion in this fashion:

First. Increase the rebate in the House bill from 10 to 15 percent, with corresponding increases in the minimum and maximum rebates from $100 to $150 and $200 to $300, respectively. The stimulus would be approximately $12.5 billion, or $4.5 billion more than the rebate in both the House and Finance Committee bills.

Second. Adopt the provisions of the House bill increasing the low-income allowance and percentage standard deduction for a stimulus of $5.1 billion.

Third. Also adopt the House provisions for business tax reductions—the increased investment tax credit and corporate surtax exemption—for a stimulus of $3.7 billion.

Fourth. Follow the general line of earned income credit in the House bill, but raise the allowance from 5 to 10 percent providing further benefits to persons at the lower end of the income ladder. A 10 percent earned income credit would provide a stimulus of $5.5 billion, or $2.5 billion more than the 5 percent in the House bill.

Fifth. Adopt the provision of the Senate bill allowing for an optional $200 tax credit in lieu of the $750 personal exemption. The benefits of this provision would fall to families where the income is below $20,000 a year. The Finance Committee estimates this provision would provide a stimulus of $6.1 billion.

To recap, the full stimulus of this substitute amendment works out in this fashion:

	Billion
Rebate on 1974 taxes	$12.5
Increases in low-income allowance and standard deduction	5.1
Business tax reductions	3.7
Increase House earned income credit to 10 percent	5.5
$200 tax credit in lieu of $750 personal exemption	6.1
	32.9

I am persuaded that this straight-forward approach to fighting inflation is more equitable and more effective than the bill reported from the Finance Committee. In following the direction of the House bill, and adopting the higher level of stimulus recommended by the Finance Committee, this substitute should facilitate the resolution of differences in the Senate-House conference and thus speed enactment of this desperately needed antirecessionary measure.

With the single unique exception of changes in the oil and natural gas depletion allowances, I would oppose all amendments to this substitute in order not to delay passage of the tax cut. The broad changes in tax laws recommended in the Finance Committee bill, and those proposed in the many amendments already introduced in the Senate, should more properly be addressed in subsequent tax reform legislation which I hope we will be able to consider later this year.

To those who would argue that a $32.9 billion tax cut is too large, I would simply point out that we are in the 16th month of a major recession with a gap between actual and potential gross national product approaching $200 billion. In addition, unemployment is already 8.2 percent with the real danger of a rise to 10 percent by summer. The lower tax cut proposed by the President is likely to reduce unemployment to only 7 percent by the end of 1976. That is a totally unacceptable alternative. The social costs of the President's policy, when added to the lost output, produce an unbearable burden. We should not willingly accept it.

We have the simple choice of recognizing the seriousness of our economic ills and responding accordingly, or ignoring reality and acquiescing to many more months of unacceptably high unemployment and lost GNP. This substitute amendment opts for the former, accepting the reality of the situation we face and responding in kind. It provides sufficient economic stimulus, is equitable and can be enacted into law in the shortest period of time.

Mr. President, I ask unanimous consent to have printed in the RECORD the text of my amendment, together with certain tables in connection therewith.

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

AMENDMENT NO. 147

Strike all after the enacting clause and insert the following in lieu thereof:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tax Reduction Act of 1975".

SEC. 2. AMENDMENT OF 1954 CODE.

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 provisions, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

SEC. 101. Refund of 1974 individual income taxes.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6428. Refund of 1974 individual income taxes.

"(a) GENERAL RULE.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 15 percent of the amount of his liability for tax for such taxable year.

"(b) MINIMUM PAYMENT.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $150 ($75 in the case of a married individual filing a separate return).

"(c) MAXIMUM PAYMENT.—

"(1) IN GENERAL.—The amount treated as paid by reason of this section shall not exceed $300 ($150 in the case of a married individual filing a separate return).

"(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) LIABILITY FOR TAX.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) DATE PAYMENT DEEMED MADE.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) JOINT RETURN.—For purposes of this section, in the case of a joint return under section 6013 both spouses shall be treated as one individual.

"(g) MARITAL STATUS.—The determination of marital status shall be made under section 143.

"(h) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1974 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be substituted for "45 days" each place it appears in such section 6611(e).

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Sec. 6428. Refund of 1974 individual income taxes."

Sec. 102. Refunds disregarded in the administration of Federal programs and federally assisted programs.

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Increase in low income allowance

(a) IN GENERAL.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

(c) LOW INCOME ALLOWANCE.—The low income allowance is—

"(1) $2,500 in the case of—

"(A) a joint return under section 6013, or
"(B) a surviving spouse (as defined in section 2(a)),
"(2) $1,900 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or
"(3) $1,250 in the case of a married individual filing a separate return."

(b) CHANGE IN FILING REQUIREMENTS TO REFLECT INCREASE IN LOW INCOME ALLOWANCE.—So much of paragraph (1) of section 6012(a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1)(A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—
"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,650,
"(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $3,250, or
(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than $4,000 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home.

Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) the amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 151(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151(c);".

SEC. 202. Increase in percentage standard deduction.

(a) INCREASE.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—
"(1) $3,000 in the case of—
"(A) a joint return under section 6013, or
"(B) a surviving spouse (as defined in section 2(a)),
"(2) $2,500 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or
"(3) $1,500 in the case of a married individual filing a separate return."

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $3,000 ($2,500 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

SEC. 203. Credit for certain earned income.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by redesignating section 42 as section 44 and by inserting after section 41 the following new section:

"SEC. 42. Earned income credit.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the taxpayer's adjusted earned income for the taxable year.

"(b) ADJUSTED EARNED INCOME.—For purposes of this section, the term 'adjusted earned income' means—
"(1) so much of the individual's earned income for the taxable year as does not exceed $4,000, reduced by
"(2) two times the excess over $4,000 of the greater of—
"(A) the taxpayer's adjusted gross income for the taxable year, or
"(B) the taxpayer's earned income for the taxable year.

"(c) EARNED INCOME DEFINED.—
"(1) IN GENERAL.—For purposes of this section, the term 'earned income' means—
"(A) wages, salaries, tips, and other employee compensation, plus
"(B) the amount of taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402(a)).
"(2) SPECIAL RULES.—For purposes of paragraph (1)—
"(A) except as provided in subparagraph (B), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year,
"(B) the earned income of an individual shall be computed without regard to any community property laws,
"(C) no amount received as a pension or annuity shall be taken into account,
"(D) compensation described in paragraph (1)(A) for services performed by an individual in the employ of his spouse, father, mother, son, or daughter (within the meaning of section 312(b)(3)) shall be taken into account only if such compensation constitutes wages (as defined in section 3121(a)) and only if such wages are evidenced by a receipt required to be furnished under section 6051(a) (relating to receipts for employees),
"(E) in the case of an individual who has not attained the age of 18 years by the close of his taxable year—
"(i) compensation described in paragraph (1)(A) shall be taken into account only if such compensation is evidenced by a receipt required to be furnished under section 6051(a), and
"(ii) earnings described in paragraph (1)(B) shall be taken into account only if such individual has self-employment income for the taxable year (within the meaning of section 1402(b)), and
"(F) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) REQUIREMENT OF JOINT RETURN.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for the taxable year under section 6013.

"(e) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) REFUND TO BE MADE WHERE CREDIT EXCEEDS LIABILITY FOR TAX.—Section 6401(b) (relating to excessive credits) is amended—
(1) by inserting ", 42 (relating to earned income credit)," before "and 667(b)"; and
(2) by striking out "and 39" and inserting in lieu thereof ", 39, and 42".

SEC. 204. Credits in lieu of personal exemption deductions.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) as amended by this Act is amended by inserting after section 42 the following new section:

"SEC. 43. Personal exemptions.

"(a) GENERAL RULE.—There shall be allowed to the taxpayer as a credit against tax for the taxable year in lieu of the deduction provided for personal exemptions under section 151 (if such credit results in the imposition of a lower tax under this chapter), an amount equal to $200 multiplied by the number of exemptions which would otherwise be allowed to such taxpayer under section 151. Such credit shall not exceed the tax imposed by this chapter (determined without regard to subsection (b)) for the taxable year.

"(b) DEFINITION.—For purposes of this title, in the case of an individual, the term 'tax imposed by this chapter' means the tax imposed by this chapter reduced by the amount of the credit allowed under this section."

(b) TECHNICAL AMENDMENTS.—
(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:
"Sec. 42. Earned income.
"Sec. 43. Personal exemptions.
"Sec. 44. Overpayment of tax."

(2) Section 2(e) (relating to definitions and special rules) is amended to read as follows:

"(e) CROSS REFERENCES.—
"(1) For definition of taxable income, see section 63.
"(2) For definition of tax imposed by this chapter, see section 42(b).".

(3) Section 63 (relating to taxable income defined) is amended—
(A) by striking out "subsection (b)" in subsection (a) and inserting in lieu thereof "subsections (b) and (c)", and
(B) by inserting at the end thereof the following new subsection:

"(c) INDIVIDUALS ALLOWED THE CREDIT UNDER SECTION 43.—With respect to individuals who are allowed a credit under section 43 (relating to personal exemptions), except for the purposes of sections 1 and 3, the term 'taxable income' means the amount determined under this chapter without regard to section 42.".

(4) Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) INDIVIDUALS ALLOWED A CREDIT UNDER SECTION 43.—With respect to any taxpayer who is allowed a credit under section 43 (relating to personal exemptions), any reference to personal exemptions allowed under this section shall be considered to be a reference to the exemptions which would be allowed under this section without regard to section 42.".

(5) Section 6201 (a) is amended by adding at the end thereof the following new paragraph:

"(5) OVERSTATEMENT OF TAX LIABILITY.—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of liability for tax with respect to the credit allowable under section 43 (relating to personal exemptions) or the deduction allowable under section 151 (relating to deductions for personal exemptions), the amount of such liability shall be recomputed by the Secretary or his delegate in the same manner as a mathematical error appearing on the return.".

SEC. 205. Withholding tax.

(a) REQUIREMENT OF WITHHOLDING.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Every employer making payment of wages shall deduct and withhold upon such wages (except as otherwise provided in this section) a tax determined in accordance with tables prescribed by the Secretary or his delegate.

The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld for the remainder of calendar year 1975 and for calendar year 1976 and thereafter shall reflect the amendments made by title II of the Tax Reduction Act of 1975 which are applicable to such years. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(b) CONFORMING AMENDMENT.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

SEC. 206. Effective dates.

(a) FOR SECTIONS 201 AND 202(a).—The amendments made by sections 201 and 202 (a) shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply to taxable years ending after December 31, 1975.

(b) FOR SECTION 203.—The amendments made by section 203 shall apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(c) FOR SECTIONS 202(b) AND 205.—The amendments made by section 202(b) and 205 shall apply to wages paid after April 30, 1975, and before January 1, 1976.

(d) FOR SECTION 204.—The amendments made by section 204 apply to taxable years beginning after December 31, 1974 and before January 1, 1976.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

SEC. 301. Increase in investment credit.

(a) INCREASE OF INVESTMENT CREDIT TO 10 PERCENT.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) GENERAL RULE.—

"(A) 10-PERCENT CREDIT.—Except as provided in subparagraph (B), the amount of the credit allowed by section 38 for the taxable year shall be equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) 7-PERCENT CREDIT.—In the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before January 22, 1975, or

"(ii) which is acquired by the taxpayer before January 22, 1975,

the amount of the credit allowed by section 38 for the taxable year shall be equal to 7 percent of the qualified investment (as defined in subsection (c)).

"(C) TRANSITIONAL RULE.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before January 22, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975.

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before January 22, 1975, and subparagraph (A) shall apply to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after January 21, 1975."

(b) PUBLIC UTILITY PROPERTY.—

(1) DETERMINATION OF QUALIFIED INVESTMENT.—Subparagraph (A) of section 46(c)(3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) To the extent that subsection (a)(1)(B) applies to property which is public utility property, the amount of the qualified investment shall be ⅓ of the amount determined under paragraph (1)."

(2) INCREASE IN 50-PERCENT LIMITATION.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) ALTERNATIVE LIMITATION IN THE CASE OF CERTAIN UTILITIES.—

"(A) IN GENERAL.—If, for a taxable year beginning after 1974 and before 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) APPLICABLE PERCENTAGE.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that proportion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment. If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) TENTATIVE PERCENTAGE.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year begins in:	The tentative percentage is:
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10

"(D) PUBLIC UTILITY PROPERTY DEFINED.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c)(3)(B)."

(c) CAP ON THE INCREASE IN INVESTMENT CREDIT BENEFITS FOR PUBLIC UTILITIES WHICH MAY RESULT FROM INCREASING INVESTMENT CREDIT TO 10 PERCENT.—

(1) IN GENERAL.—The amount of the credit allowed by section 38 of the Internal Revenue Code of 1954 to any taxpayer which is a public utility for the taxable years shall not exceed by more than $100,000,000 the amount of such credit which would have been allowed to such taxpayer for such year but for the amendments made by subsections (a) and (b)(1) of this section.

(2) CREDIT IN EXCESS OF CAP MAY BE CARRIED ONLY TO TAXABLE YEARS TO WHICH THIS SUBSECTION APPLIES.—For purposes of section 46(b)(1) of the Internal Revenue Code of 1954 (relating to carryback and carryover of unused credits), the excess of the amount which would be allowable as a credit under section 38 of such Code for any taxable year over the amount which is allowable under such section after the application of paragraph (1) of this subsection—

(A) shall be treated as an excess described in such section 46(b)(1), but

(B) shall be an investment credit carryback and an investment credit carryover only to taxable years to which paragraph (1) of this subsection applies.

(3) CONTROLLED GROUP OF CORPORATIONS.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer. For purposes of the preceding sentence, the term "controlled group of corporations" has the meaning given to such term by section 1563(a).

(4) PUBLIC UTILITY DEFINED.—For purposes of this subsection, the term "public utility" means a taxpayer 50 percent or more of the qualified investment of which for the taxable year consists of public utility property within the meaning of the first sentence of section 46(c)(3)(B) of the Internal Revenue Code of 1954.

(d) INCREASE FROM $50,000 TO $75,000 OF DOLLAR LIMITATION ON USED PROPERTY.—Paragraph (2) of section 48(c) (relating to dollar limitation in case of used section 38 property) is amended—

(1) by striking out "$50,000" each place it appears and inserting in lieu thereof "$75,000", and

(2) by striking out "$25,000" and inserting in lieu thereof "$37,500".

SEC. 302. Allowance of investment credit where construction of property will take more than 2 years.

(a) GENERAL RULE.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (c) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) QUALIFIED PROGRESS EXPENDITURES.—

"(1) IN GENERAL.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) PROGRESS EXPENDITURE PROPERTY DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clause (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) NORMAL CONSTRUCTION PERIOD.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) QUALIFIED PROGRESS EXPENDITURES DEFINED.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) SPECIAL RULES FOR APPLYING PARAGRAPH (3).—For purposes of paragraph (3)—

"(A) COMPONENT PARTS, ETC.—Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) CERTAIN BORROWINGS DISREGARDED.—Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) CERTAIN UNUSED EXPENDITURES CARRIED OVER.—In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) DETERMINATION OF PERCENTAGE OF COMPLETION.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) NO QUALIFIED PROGRESS EXPENDITURES FOR CERTAIN PRIOR PERIODS.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later, before the first day of the first taxable year to which an election under this subsection applies).

"(F) NO QUALIFIED PROGRESS EXPENDITURES FOR PROPERTY FOR YEAR IT IS PLACED IN SERVICE, ETC.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property,

or for any taxable year thereafter.

"(5) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) CONSTRUCTION, ETC. The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) ONLY CONSTRUCTION OF SECTION 38 PROPERTY TO BE TAKEN INTO ACCOUNT.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) ELECTION.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) TRANSITIONAL RULES.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	The applicable percentage is:
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount for each such preceding taxable year.

For purposes of this paragraph, the term 'full amount,' when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENT OF SECTION 46(c).—Sec. tion 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SUBSECTION (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leaseback described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d), to the extent the amount so treated has not been required to be recaptured by reason of section 47(a)(3)."

(2) AMENDMENT OF SECTION 46(a)(1).—Paragraph (1) of section 46(a) (as in effect without the amendment made by section 301 (a)) is amended by striking out "(as defined in subsection (c))" and inserting in lieu thereof "(as determined under subsections (c) and (d))".

(3) DISPOSITION, ETC.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) PROPERTY CEASES TO BE PROGRESS EXPENDITURES PROPERTY.—

"(A) IN GENERAL.—If during any taxable year and property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) CERTAIN EXCESS CREDIT RECAPTURED.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46 (c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) CERTAIN SALES AND LEASEBACKS.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48 (d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property does not exceed the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) COORDINATION WITH PARAGRAPH (1).—If after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) CLERICAL AMENDMENTS.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(3)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48 (d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

SEC. 303. INCREASE IN CORPORATE SURTAX EXEMPTION.

(a) GENERAL RULE.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

SEC. 304. Effective dates.

(a) FOR SECTION 301.—

(1) INCREASE OF INVESTMENT CREDIT TO 10 PERCENT.—The amendments made by subsections (a) and (b)(1) of section 301 shall apply to—

(A) property placed in service after January 21, 1975, and before January 1, 1976, in taxable years ending after January 21, 1975.

(B) property—

(i) acquired pursuant to orders placed before January 1, 1976, and

(ii) placed in service in 1976 in taxable years ending after December 31, 1975,

(C) property the construction, reconstruction, or erection of which is completed by the taxpayer and which is placed in service after December 31, 1975, but only to the portion of the basis of such property which is properly attributable to construction, reconstruction, or erection by the taxpayer after January 21, 1975, and before January 1, 1976, and

(D) qualified progress expenditures, as described in section 46(d) of the Internal Revenue Code of 1954, made after January 21, 1975, and before January 1, 1976, but only to the portion of the basis of the progress expenditure property, as described in such section 46(d), which is properly attributable to construction, reconstruction, or erection for the taxpayer after January 21, 1975, and before January 1, 1976.

(2) INCREASE IN 50-PERCENT LIMITATION.—The amendment made by subsection (b)(2) of section 301 shall apply to taxable years beginning after December 31, 1974.

(3) INCREASE IN LIMITATION ON USED PROPERTY.—The amendments made by subsection (d) of section 301 shall apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(b) FOR SECTION 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(c) FOR SECTION 303.—

(1) IN GENERAL.—The amendments made by section 303 shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply for taxable years ending after December 31, 1975.

(2) CHANGES TREATED AS CHANGES IN TAX RATE.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) INCREASE IN SURTAX EXEMPTION, ETC.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303, and the change made by the second sentence of section 304(c)(1), of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) and in section 962(c) (relating to individuals electing to be taxed at corporate rates) shall each be treated as a change in a rate of tax."

ESTIMATED ECONOMIC STIMULUS IN 1975 FROM HOUSE, FINANCE COMMITTEE AND BAYH BILLS

[In billions of dollars]

	House	Finance Committee	Bayh bill
INDIVIDUALS			
Rebate on 1974 taxes	$8.1	$8.1	$12.5
Increase low income allowance and standard deduction	5.1	----------	5.1
$200 optional credit in lieu of $750 personal exemption	----------	6.1	6.1
Tax rate reduction for 1st 4 brackets	----------	2.0	----------
Earned income credit for 1975	3.0	1.7	5.5
5 percent housing purchase credit	----------	3.2	----------
Loss carryback	----------	.1	----------
Subtotal, individuals	16.2	21.2	29.2
BUSINESS			
Investment tax credit increase	2.5	4.4	2.5
Corporate surtax exemption, tax rate reduction	1.2	1.9	1.2
Repeal truck and related excise taxes	----------	.7	----------
Tax credit for hiring welfare recipients	----------	(1)	----------
Loss carryback and carryforward	----------	1.0	----------
Subtotal, business	3.7	8.0	3.7
Total, all tax reductions	19.9	29.2	32.9

[1] Less than $50,000,000.

AMENDMENT NO. 148

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

Mr. WEICKER submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 149

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

Mr. HATHAWAY (for himself and Mr. HASKELL) submitted an amendment to be proposed by them to the bill (H.R. 2166), supra.

AMENDMENT NO. 150

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

Mr. PACKWOOD submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 151

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

Mr. MONDALE. Mr. President, on behalf of myself and Senators HUMPHREY and RIBICOFF, I send to the desk an amendment to restore the standard deduction provisions from the House version of H.R. 2166 that were dropped from the bill by the Senate Finance Committee.

The Finance Committee substituted for the House standard deduction provisions a $200 optional credit which I proposed. In general, the $200 optional credit is a more effective and equitable way of granting relief to a broad range of taxpayers than the House standard deduction provisions.

However, some taxpayers would save less in taxes under the Senate bill than they would have under the House version. Single taxpayers and married couples without dependents with incomes below $10,000 would be in this category. So would many taxpayers with incomes between $12,000 and $20,000 who do not itemize their deductions.

To remedy this problem, the amendment we propose would raise the minimum standard deduction to $1,800, increase the percentage standard deduction to 16 percent, and raise the maximum standard deduction to $2,500 for single taxpayers and $3,000 for joint returns. The total revenue loss from this amendment—over and above the provisions now in the Finance Commmittee bill—is $2.97 billion.

The percentage and maximum standard deduction provisions in this amendment are identical to those in the House version of H.R. 2166. The minimum standard deduction, or low-income allowance, is raised only to $1,800 rather than—as in the House bill—to $1,900 for single taxpayers and $2,500 for joint returns. The reason is that there is very substantial overlap between the low-income allowance and the $200 optional credit in the Finance Committee bill. The low-income allowance is designed primarily to make certain that no one with income below the poverty line is subject to Federal income tax. As the Finance Committee report points out on page 10, the $200 optional credit serves the same purpose. Consequently, our amendment merely increases the low-income allowance from its present level of $1,300 to $1,800.

As a result of the amendment we propose, no taxpayer will save less in taxes under the Senate bill than they would have under the House bill.

The standard deduction provisions in the House bill would contribute substantially to simplifying the job of filing tax returns for millions of taxpayers. I believe these are valuable provisions and I hope they will be accepted by the Senate.

The Finance Committee was concerned that the total revenue loss from combining the $200 optional credit with the House standard deduction provisions would be too great. The restructuring of the House standard deduction provisions we propose in our amendment—primarily involving the lower $1,800 minimum standard deduction—results in a revenue loss of $2 billion less than my original proposal to simply add the $200 credit to the House bill.

This melding of the Senate Finance Committee's $200 optional tax credit with the House standard deduction provisions should simplify and expedite consideration of this aspect of the bill in the House-Senate conference. Adoption of this amendment, therefore, should speed up final passage of this legislation.

I ask unanimous consent that the text of our amendment appear in the RECORD at this point:

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

AMENDMENT NO. 151

At the appropriate place in the bill insert the following new section:

Sec. INCREASE IN PERCENTAGE STANDARD DEDUCTION.

(a) INCREASE.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—

"(1) $3,000 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,500 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,500 in the case of a married individual filing a separate return."

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $3,000 ($2,500 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

AMENDMENT NO. 152

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

Mr. MONDALE submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 153

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

Mr. TUNNEY submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 154

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

Mr. ABOUREZK submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 155

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

FAIR WITHHOLDING

Mr. MATHIAS. Mr. President, I send to the desk an amendment dealing with excess withholding. This is a brief amendment which empowers the Secretary of the Treasury or his delegate to amend the withholding tables in the Internal Revenue Code in order to reduce excess withholding.

The principle which I seek to support is that withholding should approximate the actual tax obligations of individual American citizens. The fact is that in recent years, withholding has exceeded taxes actually owed by over $20 billion per year. This means that approximately $1.20 was withheld from paychecks for every $1 actually owed to the Government.

This gross overwithholding results from several factors. In some cases, individuals prefer to have more withheld from their paychecks than they actually owe so that they receive a refund each April. In other cases. the withholding tables do not recognize the realities of the working lives of individuals. In still other cases, wage earners could reduce the amount which is withheld from their paychecks, but only by filing forms which are either unknown to them or unavailable or at least difficult to obtain or to understand. In any case, the result is massive overwithholding by the Federal Government of money which belongs not to the Government but to individual Americans.

There are several reasons why this excess withholding is undesirable. First, all withholding denies citizens the use of their money between the time at which it is earned and the time at which payment of a tax is due. The citizen does not receive interest from the Government on the amount withheld, nor can he invest it himself in a business venture or a savings account. He cannot pay a pressing bill early in the year, some 15 months before a tax is actually due. Indeed, money withheld is, for the wage earner, money the fruits of which are never attained nor attainable, until the refund check finally arrives.

Moreover, money withheld from the taxpayer is money that does not flow freely through our economy encouraging the very purchases of goods and services which the Congress is trying to encourage by enacting this tax reduction act. A reduction of excess withholding frees this money from the clasp of the Government for circulation through the private economy.

Indeed, a study undertaken at my request by the Library of Congress a year ago showed that if we had cut withholding rates at that time by 8 percent the economy would have been stimulated, over 200,000 new jobs created, inflation reduced, and the Government deficit actually slashed. If we had acted then, we would not be confronted today with the dire economic statistics which leap at us from the front pages of our daily newspapers, or appear in human form at the unemployment bureau, the closed factory gates, or the supermarket lines. The lives of millions of Americans would today be more prosperous and more rewarding. And the Federal deficit, instead of being monumentally increased by a tax cut bill of this proportion, would have been reduced by the taxes paid by people put to work and businesses with increased sales and production.

Mr. President, I ask unanimous consent that at the conclusion of my remarks the bill which I introduced last year be printed in the RECORD together with the study made by the Congressional Research Service and the remarks I made on the Senate floor at the time of introduction.

Mr. President, this amendment makes economic sense. It also makes our tax code more fair and equitable. I urge its adoption by the Senate.

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

[From the CONGRESSIONAL RECORD, Mar. 5, 1974]

By Mr. MATHIAS:

S. 3111. A bill to amend the Internal Revenue Code of 1954 to provide for an 8-percent reduction in the amount of income tax withholding. Referred to the Committee on Finance.

Mr. MATHIAS. Mr. President, I send to the desk a bill to stimulate the economy, reduce unemployment, and cut the budget deficit by reducing the massive overwithholding of Federal individual income taxes that occurs each year.

This bill would cut withholding for Federal income taxes by 8 percent across the board. It would thereby free approximately $10 billion to flow through our economy during the next year, producing goods, services, and jobs.

According to a study performed at my request by the Congressional Research Service using the facilities of Data Resources, Inc., this reduction of withholding would produce 180,000 jobs for Americans, increase consumer spending by $6.2 billion and real GNP by $6.9 billion over the coming year, and result in a reduction of the Federal deficit of more than $2 billion.

Last year, an estimated $22.2 billion had to be refunded to American taxpayers at the end of the tax year. This is close to one-fourth of the total Federal income tax owed by American citizens. This pattern has been prevalent for years. It is a situation which was exacerbated by changes passed in the 1971 Revenue Act which were designed to solve limited cases of underwithholding, but resulted in increasing overwithholding by approximately $8 to $10 billion.

Today close to 80 percent of American taxpayers receive refunds. The average refund, I am informed, is approximately $350. Many taxpayers prefer a system which results in overwithholding. They would rather that Uncle Sam owe them in April than that they owe Uncle Sam. The size and number of the refunds due each April suggests, however, that withholding could be modestly reduced without resulting in underwithholding for most Americans. In other words, the average American would still overwithhold, but not as much as now. I believe it is hard to justify any system which withholds from taxpayers more money than the Government is ultimately entitled to.

This proposal is designed to alleviate the impact of current economic trends on millions of American wage earners and taxpayers and their families.

These economic trends are ominous, at best.

The past year, 1973, saw inflation soar at a total appalling rate of 8.8 percent—almost three times the amount forecast by economic advisers 1 year ago. As 1973 ended, the unemployment rate jumped to 5.2 percent—meaning that more than 4.5 million Americans who wanted to work did not have jobs. The growth of our economy, measured as gross national product, slowed during the year to a standstill. And our international situation was cast under a dark cloud by the oil embargo imposed by Arab States, and the soaring price of foreign oil needed by America, and even more so by America's principal allies and trading partners.

The forecasts for the year ahead are not good. Inflation, we are told, will continue in the range of 7 to 8 percent. Unemployment will rise, possibly to 6 percent before the year has ended. Our gross national product may actually decline in the early months of this year, and the recovery expected in the latter half of the year will result in a net increase of only about 1 percent. The international situation remains very uncertain. Personal income actually declined in January of this year for the first time since the devastation of Hurricane Agnes in June 1972.

It is important to note that high inflation and high joblessness do not affect all Americans equally. One-half of the inflation in 1973 resulted from increases in food costs—an item that cannot be cut from the family budget. Over a third of the inflation in 1974 will come in full costs—and again this is a budget item over which families have only limited control. Rent and housing costs also increased appallingly and the high interest rates during the latter half of the year cut back new housing starts considerably. The fact that food stamp allowances were raised 28 percent last year helped those eligible for these benefits, but the average American ended the year with less real income than at the outset.

Given these economic facts of life, I was pleased to note that the President indicated in his Economic Report to the Congress his willingness to initiate measures to ease the economic crunch on Americans. I believe the time for such action is now, and I introduce this bill in hope of quick committee action. Other actions may also be necessary, including increased unemployment compensation and new public service jobs. I shall have more to say on these proposals at a later date. But I believe the bill I send to the desk today deserves enactment whether or not we are able to move ahead in these other areas.

Mr. President, I ask that an additional analysis of this proposal which was prepared by the Congressional Research Service be printed at this point in the RECORD together with a copy of the bill which I am introducing today.

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

ECONOMIC EFFECT OF CORRECTING THE OVERWITHHOLDING IN THE INDIVIDUAL INCOME TAX

What would be the economic impact of the Federal government's collecting 10 billion dollars less annually in withheld taxes, while not changing the tax liability? In other words, personal tax withholding would decrease, but income tax refunds would decrease also by the same amount. Would this temporary increase in spendable income help the economy avoid the 1974 slump that is now being predicted?

In order to analyze the effects of this change, the Data Resources Inc. Quarterly model of the economy was used. The model solution (called "Control 1/30") assumes for 1974 a 1 percent annual rate of growth of real Gross National Product (real GNP), an increase in the Consumer Price Index of 8.9

percent and a three-month curtailment of oil imports. The solution of Control 1/30 and a new solution, "overwithholding," which shows the effect of the withholding schedule change, are compared in Table 2.

In 1972 the tax laws were changed, allowing larger personal exemptions. At the same time, however, the withholding schedules were changed to correct for previous underwithholding. (Table 1 shows the percentage change between the old withholding schedules and the 1972 withholding schedules.) That is, effective tax rates were lowered at the same time that withholding rates were increased. The amount of overwithholding that resulted far exceeded anyone's expectation. The intended stimulation of the economy from the tax cuts was more than offset by the change in the withholding schedules. Income tax refunds for 1972 increased 10 billion dollars—from 14 billion dollars in the spring, 1972, to 24 billion dollars in the spring of 1973.

The withholding schedule of 1972 is still in effect, resulting in an annual overwithholding of 10 billion (in today's dollars). If withholding rates were changed back to pre-1972 levels, a 10 billion dollar annual cut in withholding could be achieved. The economic effect would be that of a temporary tax cut, while the budgetary effect would be, at the worst, null, since tax liabilities would not decrease as they would if an actual tax cut were made.

A permanent change in the withholding schedules will only create a temporary "tax cut" effect. In 1974, taxes would appear lower, reflecting the lower withholding rates. Since taxpayers would have more income in 1974, they would presumably spend more. The economy would then expand to meet this demand; GNP would rise and more jobs would be created. But in 1975, the 1975 income tax refunds will also be lower. Thus, the effect of the continued lower withholding in 1975 is cancelled out by the decrease in income tax refunds from the previous year. This economic "tax cut" will stimulate the economy in the first year, but not in subsequent years. It will have the effect of a tax cut in 1974 only.

PERCENTAGE CHANGE IN AMOUNT OF INDIVIDUAL INCOME TAXES WITHHELD, BY SELECTED ANNUAL WAGES, MARITAL STATUS AND FAMILY SIZE, 1975-76

Annual wages	Single person	No children	2 children
$3,600	14.8	23.0	(1)
$6,000	6.0	3.8	−0.9
$8,400	7.7	2.4	−1.1
$10,000	6.2	1.8	−.9
$14,400	5.6	7.1	2.0
$20,400	15.9	12.7	9.0

[1] Withholding was increased from zero to $0.60 a month.

Sources: Commerce Clearing House, "New Federal Graduated Withholding Tax Tables Effective Jan. 16, 1972" (CCH, 1971) pp. 14, 15, 24, 25; CCH, "New 1971 Federal Graduated Withholding Tax Tables Effective Jan. 1, 1971" (CCH, 1970), pp. 14, 15, 24, 25.

The economic impact can be measured by adding the assumption of a temporary "tax cut" to the economic assumptions of the DRI model. However, because it's too late for this withholding schedule's change to be made in the first quarter of 1974, it was assumed that the new schedules would go into effect the second quarter of 1974, resulting in a decrease in taxes withheld in 1974 of 7.5 billion dollars, or three-quarters of the 10 billion dollar decrease (at annual rates) in withholding. In other words, personal taxes would be $2.5 billion lower in each of the last three quarters of 1974. In 1975, $10 billion fewer taxes would be withheld, $2.5 billion in each quarter of 1975. However, because the refunds from 1974, received in 1975, had been decreased by $7.5 billion, the net effect in 1975 would be only a $2.5 billion decrease in individual taxes withheld. In 1976, the full $10 billion decrease in 1975 tax refunds would completely cancel the economic effect of the new withholding rates. The above "tax cuts" were substituted in the DRI model, and a new prediction for 1974 and 1975 simulated.

As is seen from the accompanying tables, the cut in withholding results in an immediate rise in real GNP for 1974. It should be noted that the DRI forecast, "Control 1/30", differs somewhat from the official administration forecast. Because the DRI forecast is less optimistic than the administration's, the "overwithholding" solution, which shows a much better economic climate than "Control 1/30", may not look very different from the administration's forecast. However, "overwithholding" is based on the DRI assumptions. The important thing to look at is not the *level* of GNP, unemployment, etc., in the "overwithholding", but the difference between "overwithholding" and the DRI forecast. For example, what is important is that GNP is $5.8 billion higher in 1974 in the "overwithholding" solution (assuming the change in the withholding schedules) than it is in the DRI control solution, as is shown in Table 2. The price level, measured by the GNP deflator, is about the same for both solutions.

The "tax cut" directly affects disposable income, since it lowers taxes. Personal income is also higher, however. This is not caused directly by the change in taxes; it is caused by the overall stimulation of the economy, which raises GNP and lowers the unemployment rate. This "multiplier" effect raises disposable income $9.4 billion above the control solution in 1974 while the tax cut accounts for only $7.5 billion of this difference.

This stimulation of the economy feeds back to increased tax receipts. Total federal tax receipts appear to decrease in 1974 not by the $7.5 billion but by $5.8 billion. Because the $7.5 "cut" is not a cut in personal tax liability, the net effect is to increase revenues by $1.7 billion. This increase in revenues is caused by higher corporate profits and higher personal income, providing a higher tax base.

The effects of the change in overwithholding in 1975 are smaller and in 1976 no significant difference is found between the control solution and the overwithholding solution.

In effect, a permanent change in the overwithholding will provide a temporary stimulus to the economy at a time when a recession is being predicted.

TABLE 2

	1974	1975
Gross national product (GNP):		
Overwithholding	1,398.6	1,533.6
Control Jan. 30	1,392.7	1,532.1
Difference	5.8	1.6
Percent difference	4.2	.10
GNP in 1958 dollars (real GNP):		
Overwithholding	849.6	882.9
Control Jan. 30	845.5	881.6
Difference	4.1	1.3
Percent difference	.48	.14
GNP deflator (1958=1.00):		
Overwithholding	1.646	1.737
Control Jan. 30	1.647	1.737
Difference	−.001	−.001
Percent difference	−.07	−.04
Unemployment rate:		
Overwithholding	5.6	5.6
Control Jan. 30	5.7	5.7
Difference	−.1	−.1
Percent difference	−1.91	−1.77
Personal income:		
Overwithholding	1,140.8	1,241.0
Control Jan. 30	1,138.3	1,240.5
Difference	2.4	0.6
Percent difference	.21	.05
Disposable income (personal income minus taxes):		
Overwithholding	978.0	1,056.0
Control Jan. 30	968.6	1,052.7
Difference	9.4	3.3
Percent difference	.97	.31
Consumption (personal consumption expenditures):		
Overwithholding	880.1	957.6
Control Jan. 30	874.5	955.4
Difference	5.6	2.2
Percent difference	.64	.23
Total Federal tax receipts:		
Overwithholding	280.2	313.8
Control Jan. 30	286.0	316.5
Difference	−5.8	−2.6
Percent difference	−2.03	−0.83
Federal personal taxes:		
Overwithholding	118.1	133.2
Control Jan. 30	125.3	136.1
Difference	−7.2	−2.9
Percent difference	−5.72	−2.13
Federal corporate profits taxes:		
Overwithholding	48.0	52.2
Control Jan. 30	47.0	52.1
Difference	1.0	.2
Percent difference	2.05	.35

S. 3111

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3402(a) of the Internal Revenue Code of 1954 (relating to income tax collected at source) is amended by striking out "The amount of income tax to be withheld shall be:" in each of the tables contained therein and inserting in lieu thereof "The amount of income tax to be withheld is 92 percent of:".

(b) The amendment made by subsection (a) shall apply with respect to wages paid on or after the 30th day after the date of the enactment of this Act.

AMENDMENT NO. 156

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

A FAIR REBATE

Mr. MATHIAS. Mr. President, I send to the desk an amendment which is designed to make the rebates provided by this act more fair and equitable. The rebate provisions, as passed by the House and reported by the Committee on Finance, discriminate against married couples in which both spouses are wage earners. These taxpayers are already discriminated against by the tax rate schedules in the code, as an article which I will insert for the RECORD makes clear.

I intend to call up this amendment for consideration at a later time. I believe that its equity is compelling, and I sincerely hope that it is adopted as part of this legislation.

I submit with this bill for the RECORD tables showing the discrimination against two-earner couples which exists under current tax provisions. These tables also make it clear that this discrimination is increased by the rebate mechanism provided in this bill. Moreover, the tables make it clear that this discrimination is greatest among the lowest-income married couples, a group which is very severely hurt by the recession and inflation which is raging today.

The amendment which I offer will not in any way delay the distribution of rebate checks this year. Instead it provides for a credit against taxes due next year. The amount of the rebate would be equal to the difference between the rebate an individual would have received if he or she were single, and the rebate he or she actually receives.

The mechanism of my amendment is further explained by the fact sheet which I will insert in the RECORD.

Mr. President, I ask unanimous consent that in the RECORD at this point there be printed the text of my amendment, tables showing the discrimination against two-earner married couples, a fact sheet on my amendment, and an article from People & Taxes by Sam Senger which explains in some detail the causes and the extent of this discrimination.

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

AMENDMENT No. 156

On page 42, line 21, strike the period and insert ", except as provided in subsection (g),".

After line 21, add a new subsection (g) as follows, and renumber the succeeding subsections accordingly.

"(g) REBATE RECAPTURE FOR TWO-EARNER COUPLES: In the case of taxpayers who file a joint return under subsection 6013, if each spouse has earned income, and the lower of the earned income is either (a) $2,000 or (b) 10 per cent of the total of the earned income of the two spouses, whichever is less, there may be computed a tax credit as follows:

(1) There shall first be computed the rebate which would have been due to each spouse if each had been entitled to file a return as a single taxpayer;

(2) The amount of the rebate otherwise due under this section shall be subtracted from the sum of the two rebates calculated under paragraph (1) above.

The amount computed under paragraph (2) may be applied by the said spouses as a credit against the Federal income taxes payable by such spouses on their income for 1975, if they file a single return jointly under section 6013, with respect to such income, or a proportionate share of said amount apportioned according to the adjusted gross income attributable to each spouse, may be applied as a credit by each of said taxpayers who may file separately with regard to 1975 income.

MATHIAS AMENDMENT FOR REBATE RECAPTURE FOR TWO-EARNER COUPLES

H.R. 2166 as reported provides for one rebate for each unmarried wage-earner. A married couple filing a joint return is entitled to one, and only one, rebate. The bill thus discriminates against married couples in which both spouses work. If a man and woman are both wage-earners, the state of matrimony costs them one rebate. Furthermore, since their two incomes are combined in calculating their one rebate, the rebate they receive may be less than the rebate either spouse would have received if he or she were single.

Thus, these rebate provisions compound the well-known discrimination against two-earner couples which currently exists in the Internal Revenue Code. Any married couple would pay significantly less tax if they were still single. Senators may or may not prefer that young couples "live in sin", but there is no reason why our tax laws should continue to provide financial incentives for it.

The discrimination in the rebate mechanism is greatest against the lowest income working couples in terms of the amount of rebate lost compared to total taxable income.

The Mathias amendment would remove this inequity from the rebate mechanism without impairing the ability of IRS to distribute rebate checks promptly. The amendment states simply that any two-earner couple which receives a lower rebate this year, simply because the amount of rebate thus lost by taking that amount as a credit against the taxes they pay next year for their 1975 income. The amendment thus makes the rebate mechanism more fair, without delaying the distribution of rebate checks this year.

Some examples:

If a man and woman both work, and

A. each would have an adjusted gross income of $3,000,

If unmarried, each would receive a rebate of $100 (Total: $200)

If married, together they receive a rebate of $100 (cost of marriage=$100)

B. each would have an adjusted gross income of $5,000,

If unmarried, each would receive a rebate of $100 (Total: $200)

If married, together they receive a rebate of $115 (cost of marriage=$85)

C. each would have an adjusted gross income of $6,000,

If unmarried, each would receive a rebate of $100 (Total: $200)

If married, together they would receive a rebate of $157 (cost of marriage=$43)

D. each would have an adjusted gross income of $10,000.

If unmarried, each would receive a rebate of $148 (Total: $276)

If married, together they receive a rebate of $200 (cost of marriage=$76)

E. one would have an adjusted gross income of $15,000 and the other an adjusted gross income of $10,000,

If unmarried, one would receive a rebate of $200 and the other a rebate of $148 (Total: $348)

If married, together they receive a rebate of $150 (cost of marriage=$198)

F. one would have an adjusted gross income of $15,000 and the other an adjusted gross income of $20,000

If unmarried, each would receive a rebate of $200 (Total: $400)

If married, together they receive a rebate of $100 (cost of marriage=$300)

SOME EXAMPLES (FIGURES DERIVED FROM TABLE 1, APPENDIX, OF COMMITTEE REPORT)—ASSUME A MAN AND A WOMAN BOTH WORK AND EACH HAS AN ADJUSTED GROSS INCOME (AGI) AS INDICATED

	If single				If married (joint return)				Penalty for marriage		
	(AGI)	Tax under present law	Tax after comm. rebate	Amount of rebate	(AGI)	Tax under present law	Tax after comm. rebate	Amount of rebate	Under present law	After comm. rebate	In rebate
A	$3,000	$138	$38	$100							
	3,000	138	38	100							
Total	6,000	276	76	200	$6,000	$484	$384	$100	$208	$308	$100
B	5,000	491	391	100							
	5,000	491	391	100							
Total	10,000	982	782	200	10,000	1,152	1,037	115	170	255	85
C	10,000	1,482	1,334	148							
	10,000	1,482	1,334	148							
Total	20,000	2,964	2,668	296	20,000	3,035	2,835	200	71	167	96
D	5,000	491	391	100							
	15,000	2,549	2,349	200							
Total	20,000	3,040	2,740	300	20,000	3,035	2,835	200	(5)	95	100
E	10,000	1,482	1,334	148							
	15,000	2,549	2,349	200							
Total	25,000	4,031	3,683	348	25,000	4,170	4,020	150	139	337	198
F	20,000	3,784	3,584	200							
	20,000	3,784	3,584	200							
Total	40,000	7,568	7,168	400	40,000	8,543	8,443	100	975	1,275	300

[From People & Taxes, January 1975]

SINGLE-MARRIED TAX RATES UNFAIR

(By Sam Senger)

Some good tax advice for people who are single is to stay that way. Getting married will cost you tax money if you both intend to work.

Actually single people don't do as well in taxes as married couples in which only one partner works, but in order to make marriage pay two of you have to live on the same salary as one single person. The tax schedules which determine the different rates of tax for single and married people and heads of households, are under attack for discriminating against single taxpayers and even more so against married working couples. In fact, since 1969 when Congress last adjusted the rates to bring the single taxes more into line with married, there has been a so-called marriage penalty for couples with two-wage earners.

The result is that married workers pay the highest per-person tax rates in the system. Unmarried workers pay the next highest rates. Heads of households—taxpayers who are not married and have dependents living with them—come next, followed by married couples filing jointly. If all of this seems awfully complicated, look at the following chart from your income tax form.

INDIVIDUAL INCOME TAXES—Continued

Taxable income	I. Unmarried individual returns (other than surviving spouses and heads of households)		II. Joint returns (married taxpayers and surviving spouses)		III. Head of household returns		IV. Separate returns (married taxpayers)	
	Tax	Rate on excess	Tax	Rate on excess	Tax	Rate on excess	Tax	Rate on excess
$3,000	$500	19	$450	17	$480	18	$500	19
$4,000	690	21	620	19	660	19	690	22
$6,000	1,110	24	1,000	19	1,040	22	1,130	25
$8,000	1,590	25	1,380	22	1,480	23	1,630	38
$12,000	2,090	27	1,820	22	1,940	25	2,190	22
$14,000	2,630	29	2,260	25	2,440	27	2,830	36
$16,000	3,210	31	2,760	25	2,980	28	3,550	39
$18,000	3,830	34	3,260	28	3,540	31	4,330	42
$10,000	4,510	36	3,820	28	4,160	32	5,170	45
$20,000	5,230	38	4,380	32	4,800	35	6,070	48

Note: When the single taxpayer gets married she or he will get a tax break (col. 1 to col. 2), but only if both people live on the 1 salary. However, if the single person marries another wage earner (col. 1 to col. 4), their taxes go up. And they pay considerabla more than heads of households, even though they may have the same number of dependents and the same expenses caring for them (col. 3 and col. 4). In fact, married working couples pay at the same rates as 1-earner couples (col. 4 and col. 2).

The difference in the rates is an attempt to tax people according to their ability to pay, but it doesn't really work. A single person earning $10,000 can pay more tax, the legislators reasoned, than a married couple can with the same income simply because the couple has two people to support on the same amount of money. Wise old sayings aside, two really cannot live as cheaply as one, so the single person has more disposable income left from the $10,000.

UNECONOMIES OF MARRIAGE

That hypothesis may be true but the married couple already gets an extra personal exemption so they would be paying less tax than the single person anyway. Furthermore, the spouse who stays home and keeps the house (usually the wife) contributes services which make marriage more economical in a number of ways. Laundry, cleaning and cooking, for example, are likely to cost more for a single person who lacks the time to do all of that and must pay to have it done. The value of the housewife's services are really, therefore, imputed earnings since she has contributed something with economic value which is not measured in dollars. Of course, it would be almost impossible to put a value on them for tax purposes and, while they recognize the economies of marriage, legislators have avoided the complications of including them in the computations.

EXTRA EXEMPTION

So the single person, as the chart shows, pays an extra $270 for the privilege of being unmarried. If that person were to get married, say to another person earning $10,000 per year, both of them will pay an extra $100 each in taxes. The assumption is that their combined income of $20,000 enables them to pay more tax than they did when single because of the economies of marriage. It is unlikely, however, that they really have any of those savings. If both are working, they don't get the imputed earnings of one spouse who stays home. Yet they pay at the same rate as a married couple filing jointly in which one earns the whole $20,000 and the other keeps house (let's call their income $20,000+). Obviously, this couple filing jointly has more than the $20,000 of income that the couple filing separately has. And, by getting married, they lose one standard deduction which is worth about $500 in tax savings.

Why the different rates?

Until 1948, everyone's income was subject to the same tax rates. However, eight states had community property laws which, in essence, stated that half of a married person's income belonged to her or his spouse. The earner, therefore, could not be taxed on the whole amount. Since the rates are progressive, community property couples save tax money by splitting the income and both starting at the bottom of the same scale. For example, each would pay $1,100 on $6,000 of income for a total of $2,220, instead of $2,630 on one $12,000 salary.

The benefits of income splitting were so great that more states passed community property laws and so, to avoid discrimination against people who didn't live in those states, Congress extended income splitting benefits to all married couples by introducing the different rate schedules. Since then, the schedules have been changed and adjusted somewhat, but the basic discrimination in favor of certain married couples remains.

INCOME SPLITTING COSTLY

And that discrimination is very expensive. Brookings Institute economists, Joseph Pechman and Benjamin Okner have estimated that income splitting (and the special rates for heads of households that are a part of it) costs the Treasury over $21 billion per year at 1972 income levels. "Because low and moderate income taxpayers receive virtually no benefit from income splitting, it is not surprising that 97.5% of these tax benefits go to taxpayers with incomes above $10,000," Pechman testified in hearings held by the Joint Economic Committee in July, 1973.

TABLE III.—1972 TAX COST OF MARRIAGE—FOR COUPLE WITHOUT DEPENDENTS—USING THE STANDARD DEDUCTION

Adjusted gross income of spouse No. 1:	Adjusted gross income of spouse No. 2											
	$6,000	$8,000	$10,000	$12,000	$14,000	$16,000	$18,000	$20,000	$22,000	$24,000	$26,000	$28,000	$30,000
$6,000	$173												
$8,000	150	$186											
$10,000	174	256	$340										
$12,000	252	348	478	$635									
$14,000	292	433	252	800	$985								
$15,000	287	448	658	895	1,140	$1,310							
$18,000	262	483	712	1,010	1,270	1,485	$1,675						
$20,500	244	486	775	1,088	1,393	1,622	1,858	$2,055					
$22,000	200	500	805	1,162	1,483	1,758	2,008	2,250	$2,460				
$24,000	174	490	840	1,212	1,578	1,868	2,162	2,420	2,675	$2,900			
$26,000	124	486	850	1,268	1,648	1,962	2,292	2,595	2,860	3,115	$3,330		
$28,000	104	480	890	1,322	1,748	2,097	2,542	2,765	3,060	3,315	3,530	$3,730	
$30,000	37	458	882	1,360	1,800	2,195	2,560	2,902	3,198	3,452	3,668	3,868	$4,005

Since the system taxes two-earner families more heavily, it tends to favor the more traditional families in which one spouse, usually the husband, works and the wife typically stays home. But, by 1971 there were over 18 million couples in which both partners work so the "typical" family patterns that the system assumes are no longer so predominant. The tax schedules could, therefore, discourage the wife from getting a job because the rates are so high. The first dollar she earns is taxed at her husband's top tax rate rather than at the 14% rate at which the progressive rate schedule starts.

ADDED EXPENSES

The family also loses the value of her services at home and there is no deduction for many of the extra expenses incurred in getting a job. For example, she might have to pay for a suitable wardrobe, transportation, lunches, etc. These are expenses that any wage earner may have and they are generally not deductible, but a family with two workers will pay double the amount to earn the same income and then pay a higher tax. Since the tax rates are not adjusted to reflect the higher cost of earning, two-earner families are discriminated against.

If the couple has children and has to pay a baby sitter the child care deduction that is allowed is limited so that, depending on the combined income level, the value of it is decreased accordingly. The amount deductible, ranging from $200 to $400 per month for one to three dependents, is gradually reduced when the family income exceeds $18,000, so that it is phased out rather rapidly at $27,600. If the primary earner should have that large an income, the couple loses the deduction and the total cost of child care will be borne by the second earner without any tax reduction. The child care deduc-

tion, therefore, does not really equalize the tax, treatment or eliminate the discrimination.

BENEFITS OF INCOME SPLITTING

Adjusted gross income	Total revenue in millions	Number of taxpayers	Per taxpayer average
0 to $3,000	0	$16,990,596	0
$3,000 to $5,000	$5	10,021,746	$.50
$5,000 to $10,000	521	21,196,738	24.58
$10,000 to $15,000	2,542	15,390,348	165.17
$15,000 to $20,000	3,831	7,776,311	492.65
$20,000 to $25,000	3,375	3,098,369	1,089.27
$25,000 to $50,000	6,601	2,603,436	2,535.53
$50,000 to $100,000	2,933	482,964	6,072.46
$100,000 plus	1,757	91,423	19,223.19

Source: "Individual Income Tax Erosion by Income Class;" A. Pechman and B. A. Okner, The Brookings Institution, 1972.

Who is discriminated against?

The tax code treats everyone's income the same, regardless of their sex, if they fall into the same marital category. All single people, for example, pay higher taxes simply because they are single but in the taxation of married couples, employment and income patterns make it clear that the wife usually bears the tax disadvantages of the working couple.

By favoring one-earner families over two-earner families, the rate structure really hurts the secondary wage earner in the family and that usually means the wife. In the overwhelming majority of couples, the husbands job is thought to be more important. There are, of course, couples in which the wife is the primary earner or in which both spouse's jobs are considered to be of equal importance, but the typical pattern is the opposite.

Women workers usually earn substantially less than men and are less likely to occupy management or "career" positions. Women are more likely to view their employment as discretionary rather than obligatory, and usually do not, therefore, think of their work as being an essential part of their identity. If the couple has children, the wife is generally the spouse who says home to care for them. Thus, when she decides to re-enter the work force, that decision is often based largely on financial considerations and taxes must figure prominently.

The system that taxes the first dollar of the wife's income at her husband's top marginal rate, reduces the proportional contribution the wife can make to the family income. The tax rates, therefore, can easily combine with other forms of sex discrimination to discourage wives from pursuing meaningful carrer goals. Their work, when all things are considered, will bring home less money than their husband's work and so, once again, the woman is told that her labor is not as valuable.

SEVERAL SOLUTIONS

Several solutions have been proposed which generally fall into two categories. The first would be to tax everyone's income individually, regardless of marital status. A bill introduced by Rep. Edward Koch (D-N.Y.) and Senator Robert Packwood (R-Ore.) would do that, taxing all at the same rate. This would cost the treasury an estimated $6 billion and would result in married couples bearing a proportionately higher tax burden than they now do.

An alternative would be to allow people the choice of filing jointly or individually, so that couples could still save money. Such a solution would answer the constitutional problems which might be caused by taxpayers in common law states. However, tax expert Grace Ganz Blumberg, in testimony before the Joint Economic Committee, stated that the mandatory individual taxation would be fairer and would probably be held constitutional today.

A third possibility would be to create a larger system of deductions (such as child care) and exemptions to equalize the tax burden for two-worker families. This last solution would avoid any constitutional problems but could be the least equitable. It is an attempt to remedy a complicated problem with more complications, rather than by eliminating the problem.

The best solution seems to be to tax everyone individually and make adjustments in the tax rates for marital responsibilities by allowing tax credits. This would allow the single earner family some relief to help support a non-working wife and children without giving them the benefits of income splitting, which increases as family income increases.

AMENDMENT NO. 157

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

Mr. BROCK submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 158

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

Mr. LONG (for himself and Mr. HARTKE) submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 159

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

TAX DEFERMENT REINVESTMENT PERIOD EXTENSION

Mr. HUMPHREY. Mr. President, on behalf of myself and Senators TOWER, DOMENICI, LAXALT, ABOUREZK, BUCKLEY, and HATFIELD, I am introducing an amendment to H.R. 2166, the Tax Reduction Act of 1975, designed to prevent the inadvertent imposition of taxes on homeowners as a result of collapse in the housing market. This legislation would extend the period, from the present 12 months to 18 months, during which proceeds from the sale or exchange of a residence could be reinvested in another residence without taxation. In the case of a residence under construction, this period will be extended to 24 months from the current 18 months.

We need no reminding that the housing industry is in the worst shape of any industry in our economy. The latest data is distressing. Housing starts are near an 8-year low. Not since 1966 have so few new housing units been put under construction. Even worse, applications for building permits for new housing fell to an all time low. Never have so few applications been processed in the entire period covered by the Department of Commerce statistics.

Numbers, Mr. President, are difficult to relate to—there is no flesh and bones for many people to grasp. Yet the numbers coming from the housing industry are so shocking that no one should have difficulty understanding what has happened there. Since 1973, housing starts have fallen 60 percent; building permit applications are down an incredible 70 percent in the same period. Unemployment in the construction industry now exceeds 15 percent and is climbing. Mortgage money remains tight, and interest rates are still near their historic highs of this past fall. In short, Mr. President, things have gone from bad to worse and are still going downhill. The major culprit in this collapse is high interest rates which remain near record high levels despite falling prime interest rates.

Record high interest rates have crippled the used home resale market as well as the new home market. In fact, one of the major reasons new housing construction is at depression levels is that existing homeowners cannot move up to larger, new homes and sell their existing residences. They cannot purchase a new home or sell their old home—sky-high interest rates have sharply reduced the sales of all homes.

In this situation, Congress should and, in fact, must insure that hardships are not imposed on individuals due to Federal rules or regulations intended to apply to more normal times. One clear example of such a hardship relates to the limited time period during which the proceeds from selling or exchanging a used home for a new home may be reinvested in that new home without being taxed. Currently, if these proceeds are reinvested within 12 months—18 months in the case of a new home under construction—in another residence, any capital gains tax on the sale is deferred. This is an appropriate and desirable Internal Revenue Service regulation designed to avoid penalizing a family which is doing nothing more than purchasing a new home in exchange for another residence.

However, the limited time periods of 12 and 18 months are now too short even for periods of normal mortgage rates; homeowners searching for a new home find themselves pressed to make a hasty decision solely because the tax deferment reinvestment period is soon to terminate for them.

What is needed is a longer time limit during which proceeds from the sale of a house can be reinvested in another residence and not be taxed. When mortgage rates are low, and decent homes abundant, a relatively short tax deferral time period is adequate because homeowners can easily acquire financing to buy a new residence. However, in periods like today of tight money and high interest rates, a longer time period during which proceeds from the sale of a house are deferred from taxation pending reinvestment is appropriate for two reasons:

First, a home buyer simply may not be able to acquire mortgage money at any interest rate; and second, home buyers are, understandably, very reluctant to borrow mortgage funds even when they are available due to the high interest rates. As a result, a short tax deferral period may expire before proceeds from a house sale can be reinvested in another house.

The amendment I am introducing will partially remedy this inequity. Under it, the time period during which proceeds from the sale or exchange of a residence are tax deferable, would be lengthened.

While I strongly support and have authored measures to stimulate new housing, I do not believe we should force people who cannot get mortgage money or who cannot afford today's high in-

terest rates to suffer an income tax penalty.

We can move boldly to provide positive inducements to purchase homes and, at the same time, provide some relief from the burden of an unrealistic IRS requirement.

The extension of this time period to 18 months is identical to provisions carried in the general tax reform legislation which grew out of deliberations by the House Ways and Means Committee last fall. They predicted that no appreciable revenue loss would occur with this change.

I urge my colleagues to support this legislation designed to remedy an unintended result of our Internal Revenue Code.

AMENDMENTS NOS. 161 AND 162

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

Mr. HARTKE submitted two amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 164

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

Mr. TUNNEY submitted an amendment intended to be proposed by him to the Cranston amendment proposed to the bill (H.R. 2166), supra.

AMENDMENT NO. 165

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

Mr. BUMPERS (for himself, Mr. BIDEN, and Mr. STONE) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 166

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

Mr. BUMPERS (for himself and Mr. GARY W. HART) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 167

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

Mr. BELLMON submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

ADDITIONAL MILITARY ASSISTANCE FOR CAMBODIA—S. 663

AMENDMENT NO. 160

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

Mr. BIDEN submitted an amendment intended to be proposed by him to the bill (S. 663) to provide additional military assistance authorizations for Cambodia for the fiscal year 1975, and for other purposes.

AMENDMENT NO. 163

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

Mr. FORD (for himself, Mr. GARY W. HART, Mr. BUMPERS, Mr. LAXALT, and Mr. GLENN) submitted an amendment intended to be proposed by them jointly to the bill (S. 663), supra.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 133

At the request of Mr. HATHAWAY, the Senator from Colorado (Mr. HASKELL) and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of amendment No. 133, intended to be proposed to the bill (H.R. 2166), the Tax Reduction Act of 1975.

ADDITIONAL STATEMENTS

OUR CAPITAL'S VISITORS MUST BE PROTECTED

Mr. ROTH. Mr. President, I wish to call the attention of Senators to an extremely unfortunate incident that took place earlier this month when a group of seventh-grade students from Delaware were visiting the Smithsonian Institution here.

The mother of one of these children reports that they were accosted by a group of older juveniles who threatened them with violence unless they handed over the money with which they intended to purchase souvenirs of their trip. The money was handed over to the older juveniles but not before at least one of the visiting children was attacked.

Mr. President, I am sure every Member of the Senate will share my outrage that such an incident could take place in a Federal park in the heart of this country's Capital City.

We have all heard many speeches praising the upcoming Bicentennial celebration and the plans being made for it in this city. Yet, with the crime rate up sharply in recent months and all indications that it will continue to increase, how can we urge America's citizens to come to their Capital next year, or this year for that matter, when this sort of incident could await them?

I believe it is incumbent upon us all to make certain that the visitors to the monuments and institutions of this city are safe and free from assault of any kind. If all possible steps are not taken to protect these visitors, then I believe we should issue a warning to all potential visitors of what they may expect.

Mr. President, I have written the Director of the National Capital Parks concerning this problem and I ask unanimous consent that a copy of that letter be printed in the RECORD.

I am confident that the Director, Mr. Fish, will have some constructive suggestions to make on behalf of the millions of visitors who come to Washington each year and I can assure the Senate that I will do whatever I can to assist in making such visits free from such incidents as I have described.

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

U.S. SENATE,
Washington, D.C., March 12, 1975.

Mr. MANUS J. FISH,
Director, National Capital Parks, U.S. Park Service, Washington, D.C.

DEAR MR. FISH: It has come to my attention that crimes perpetrated against visitors to the various monuments and museums within the jurisdiction of your organization are of serious concern to the Park Police as well as, I am sure, your own officials. There is reason to believe that, as with crime in general, offenses perpetrated against visitors to federal parks and monuments here are increasing.

An unfortunate incident which vividly illustrates the nature of this problem occurred earlier this month during the visit of a group of Delaware seventh graders to the Smithsonian Institution. As it was related to me, the visiting children were threatened by a group of older juveniles inside and just outside one of the Smithsonian buildings. These older children demanded the visitors' money and at least one child was subsequently assaulted before the visiting children handed over the money with which they had intended to purchase souvenirs.

As the mother of one of these children put it, "The money is the least of my concerns; the fact that school children cannot in safety visit the Nation's Capitol is so sad that it makes me sick." I am, Mr. Fish, in complete agreement with this mother and I fully share her revulsion over this incident. It is much more than shocking. It is truly shameful.

I have been advised by the Park Police that it is believed that far more incidents of this type take place in the Mall area of downtown Washington than are ever reported.

While I understand the difficulty in policing such an extensive area as the Mall, I believe it is absolutely mandatory that everything possible be done to protect all visitors to the Federal monuments and museums which make this city such an attraction for so many millions of American citizens.

I will appreciate it, therefore, if you will provide me with any thoughts or suggestions you may have toward improved protection of visitors to the National Capital Parks. It will be helpful if you will include your recommendations as to increased police personnel for this area, the possibility of the employment, or increased use of plain clothes officers in the area, and the costs associated with such additional protection.

I know that you share my concern over this situation in light of the fact that the heaviest influx of visitors of the year is almost at hand and, of course, the additional concern occasioned by the Bicentennial Celebration set for 1976.

Sincerely,

WILLIAM V. ROTH, Jr.,
U.S. Senate.

DEFENSE DEPARTMENT "FINDS" FUNDS FOR CAMBODIA

Mr. PEARSON. Mr. President, the war in Southeast Asia continues to be characterized by corruption in Saigon and bungling in Washington.

Yesterday it was learned that the Defense Department had "found" $21.5 million in funds which could be used for military aid for Cambodia. This was described by a State Department spokesman as a "discrepancy."

The President, obviously embarrassed, called this discovery "sloppy bookkeeping."

Time and time again we have heard the arguments that we must continue aid to Southeast Asia so that the world will beleive in our word—we ought, I suggest, to worry a bit as to whether the American people believes the word of its own Government.

Such events only widen the veritable ocean of suspicion, distrust and lack of confidence between the Government and the governed.

And, Mr. President, this is no spinoff of Watergate. It is the inevitable result of the Executive Department's words and actions over the last decade. A policy of "guns and butter" is represented today by inflation and recession. The Gulf of Tonkin Resolution was passed because of misleading representations to the Congress. And the list of such words and events could be drawn out almost without end—but to no useful purpose.

Some of us with legislative experience and with some understanding of the scope and complexities of Government still wonder what might be done about this sort of bungling. One way is to capriciously cut the Defense Department budget out of some sense of vengeance—but we diminish our own defense.

Well, Mr. President, I suppose we will do the obvious. Some of us will make a speech. Many of us will lose a little more faith in the men of the military and the men of diplomacy. We will call for a Senate Armed Services Committee investigation, letters will go to the GAO asking for a study, we will try to make sure that the newly discovered $21.5 million is included in any aid voted for Southeast Asia. And then perhaps go home and just agree with our outraged and disillusioned constituents.

But beyond the frustrations and irritations which beset us because of this event, a larger question remains as to what this sort of negligence does with the public confidence. And in the end the new isolationism the President decries may not be America withdrawing from the world, but Americans withdrawing from their institutions and their own officials of Government.

Mr. President, I ask unanimous consent that the text of three letters relating to this be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., March 18, 1975.

Hon. JOHN C. STENNIS,
Chairman, Committee on Armed Services, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I hereby request that the Armed Services Committee give consideration to conducting thorough hearings regarding the circumstances relating to the report yesterday by the Department of Defense that because of inadequate accounting procedures for military assistance funds, Cambodia had been overcharged by $21.5 million for ammunition during Fiscal 1974 and that, therefore, this so-called overcharge is now available for expenditure for additional ammunition to Cambodia in Fiscal 1975.

I should advise you that I am simultaneously asking the General Accounting Office to conduct a speedy and thorough investigation of this mater. But I believe that it would also be very useful for the Senate Armed Services Committee to conduct a thorough investigation of the billing and pricing procedures used by the Army for its MAP funds in Cambodia with the intent of determining whether or not the change in procedures announced yesterday can be properly justified within the bounds of normal and standard accounting practices.

If this is simply the result of a change to more acceptable and justified accounting procedures, then it seems to me that a longer range investigation reviewing accounting practices by the military in general would be in order.

Very truly yours,

JAMES B. PEARSON,
U.S. Senator.

U.S. SENATE,
Washington, D.C., March 18, 1975.

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

DEAR MR. CHAIRMAN: I want to advise you that I have today formally requested that the General Accounting Office immediately initiate an investigation regarding the circumstances related to the announcement yesterday by the Department of Defense that because of a review of accounting procedures, it was determined that Cambodia had been overcharged by $21.5 million for ammunition during Fiscal 1974. I have also written to the Chairman of the Senate Armed Services Committee, requesting that that Committee give consideration to conducting hearings on the matter of accounting procedures, past and present, used by the military in regard to military assistance program funds. The objective of both of these requests is to determine the status of military pricing and accounting procedures and whether or not the change announced yesterday is within the boundaries of acceptable accounting practices and whether or not more long-range extensive review of DoD accounting practices is warranted.

In regard to actions by the Senate Committee on Foreign Relations, it is my judgment, after having reviewed existing law, that should the so-called overcharge be found to be proper and legitimate, these funds, nevertheless, could not be properly expended during Fiscal 1975, given the ceilings that are now in effect.

Furthermore, it is my belief that the Foreign Relations Committee should make it clear that the $21.5 million overcharge reported yesterday by DoD should be included as a part of the supplemental funds approved yesterday by the Committee.

Very truly yours,

JAMES B. PEARSON,
U.S. Senator.

U.S. SENATE,
Washington, D.C., March 18, 1975.

Hon. ELMER B. STAATS,
Comptroller General, General Accounting Office, Washington, D.C.

DEAR MR. STAATS: I hereby formally request that you immediately initiate an investigation of the circumstances involved in the report yesterday by the Department of Defense that as a result of an error in accounting procedures, Cambodia had been overcharged by $21.5 million for ammunition during Fiscal 1974 and that, therefore, this amount of $21.5 million is now available for providing additional ammunition to Cambodia during Fiscal 1975.

I ask you to conduct a speedy but thorough review of the accounting billing, and pricing practices for ammunition supplied to Cambodia in Fiscal 1974 and to make a determination as to whether or not the revised procedures are consistent with acceptable pricing and accounting practices. Beyond the question of whether or not inadequate procedures may have resulted in an overcharge during Fiscal 1974, I ask your evaluation as to whether or not, if an overcharge did, in fact, occur, can those funds be expended during Fiscal 1975. As you know, the Congress set a precise ceiling on expenditures for Fiscal 1975, and it is my understanding that funds equal to the amount of that ceiling have already been expended, therefore, placing in serious doubt as to whether or not funds in addition to this authorized ceiling may be expended. In addition, if the Congress should act in the next few weeks to increase the Fiscal 1975 ceiling, I would ask your evaluation as to whether or not that ceiling would apply to the so-called overcharge from Fiscal 1974.

Given the fact that Congress is this week considering the question of aid to Cambodia, it is of vital importance that you move with the greatest possible speed in conducting this investigation.

Very truly yours,

JAMES B. PEARSON,
U.S. Senator.

THE NATIONAL ENERGY CONSERVATION FUEL ECONOMY PERFORMANCE STANDARDS ACT OF 1975

Mr. MONDALE. Mr. President, the distinguished Senator from Wisconsin (Mr. NELSON) has introduced the National Energy Conservation Fuel Economy Performance Standards Act of 1975. This legislation, S. 654, would mandate a 75 percent increase in automobile fuel economy by 1985.

Two major national newspapers, the Milwaukee Journal and the Tampa Times, have analyzed Senator NELSON'S legislation. I ask unanimous consent that the newspapers' editorials regarding this important legislation be printed in the RECORD.

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

[From The Malwaukee Journal, Feb. 15, 1975]

SENSE ON AUTO FUEL EFFICIENCY

If the federal government really means business about cutting US consumption of energy to achieve greater self-reliance and avoid petroleum blackmail by oil producing countries, it will have to get tough with the automobile. Cars burned up nearly 30% of all the petroleum used by the nation in 1973. This can and must be reduced substantially.

Sen. Nelson (D-Wis.) has won Senate Democratic caucus approval of the concept of mandatory fuel efficiency standards for the auto manufacturers. The caucus pledged support for setting that standard at the "highest practicable" level. According to Environmental Protection Agency figures, more than a dozen cars on the market already get 30 miles per gallon or better.

Nelson's is a much more meaningful approach than President Ford's proposal for a voluntary auto industry goal of 40% fuel efficiency improvement by 1980. And in addition to not actually requiring anything of the auto makers, the President wants to give them an additional five years to clean up harmful auto exhausts.

Perhaps such a capitulation to the auto industry should have been expected from a former Michigan congressman, but it does not deserve to be taken seriously by Congress. A Federal Energy Administration analysis, leaked in anger by staff members after Ford made his proposal, shows that the President's fuel efficiency goal could be achieved without any relaxing of clean air goals or auto safety standards.

Nelson's legislation would direct the EPA to set incremental fuel efficiency standards for auto manufacturers, beginning in 1977. They would have to average at least 22 miles per gallon over their whole line of cars by 1980 and 24.5 m.p.g. by 1985. This would bring a 57% efficiency improvement over 1974 by 1980 and a 75% improvement by 1985. That could save drivers $15.5 billion a year in gasoline costs. And it could even cut the cost of autos, according to EPA and Department of Transportation calculations.

Since this will be fought by the auto industry and others, it is important to understand that Nelson's plan is not that of an energy efficiency purist. He has already made significant political compromises in hopes of winning congressional approval.

For example, Nelson does not call for a minimum requirement for each model of car, as would make sense for full energy conservation. Instead, he would permit continued manufacture of big gas guzzlers, so long as a manufacturer produced enough smaller, efficient cars to keep the overall average of models at the required level. Furthermore, Nelson has now stretched out to 1985 the deadline for full compliance that he initially proposed for 1981.

Fortunately, Nelson has not compromised on exhaust emission requirements. There is no technical need to do so. The auto industry, which has long tried to wriggle out of this obligation, should not be allowed to use fuel efficiency requirements, or even the current economic plight of the auto industry, as an excuse to cripple the Clean Air Act of 1970.

President Ford has been rightly insistent that the US must work its way out of its dangerously heavy reliance on foreign energy. But it is Nelson, not the president, who has come up with a plan for significant advance toward that goal through auto efficiency. As Nelson told the Democratic caucus, "We have talked enough; the time has come to act decisively."

[From the Tampa Times, Feb. 13, 1975]

CUT IN GASOLINE USAGE IS NECESSARY

It isn't happening swiftly, but steps are being taken to meet the current energy crisis and the artificial high price of petroleum products. The latest move in this direction is legislation proposed by Senator Gaylord Nelson, Wisconsin Democrat, to compel auto makers selling cars in this country to manufacture vehicles which will get 25 miles per gallon by 1985.

A similar bill, introduced by Senator Ernest Hollings, South Carolina Democrat, would call for cars averaging 28 miles per gallon by that date.

The message is clear. This country is not going to be forever dependent upon inflationary priced oil—domestic or imported. The technology exists to build engines which consume less gasoline and there is a growing demand that this technology be applied, if not voluntarily then by government edict.

Senator Nelson contends that his plan would save consumers about $15.5 billion on gasoline purchases and reduce the dollar flow to producers—now running at $24.2 billion per year—by $8.3 billion.

This doesn't mean that manufacturers would be prohibited from building larger vehicles which consume more gasoline, but they would have to produce enough smaller cars to have their market line average 25 miles per gallon. The Wisconsin solon might also incorporate into his measure a suggestion by Roger W. Sant, a federal energy official. Sant has proposed a registration fee of up to $1,000 per car for the gas-guzzlers. Cars getting 20 miles per gallon or better would be exempt from this levy.

Neither Detroit nor the oil industry will be overjoyed with these proposals. And it is certain they will lobby heavily against them. But Congress has an obligation to serve as the people's lobby and find some means to protect auto owners from getting a royal ripoff at the gasoline pump and in energy costs generally.

The foreign oil producers were doing very well until they decided they would use oil as a political weapon and milk the market for all it is worth. They automatically have set off a number of counter measures which will over the long pull lower the value of petroleum.

Perhaps it is fortunate that we have experienced this trauma. We have been energy wasters and the current squeeze will have the effect of making us more conscious of the importance of conserving our resources.

President Ford has an agreement with Detroit's major auto makers that they will achieve a 40 per cent improvement in mileage by 1981. However, this is not legally binding. And Detroit habitually produces what it thinks the public wants.

The Nelson-Hollings approach would not only discipline Detroit, it would curb horsepower hungry auto owners. These drivers of gas-guzzling dinosaurs flaunt their huge and highly inefficient vehicles in the manner of a grand dame showing off her jewelry. They need a little discipline, too.

We doubt that reliance on voluntarism will solve this problem. Some people are just as hooked on large cars as an addict is hooked on drugs. As long as there is a market there will be a demand. Reducing the supply may be the best of all possible answers.

RESOLUTIONS ADOPTED BY THE NATIONAL COUNCIL OF THE RESERVE OFFICERS ASSOCIATION

Mr. THURMOND. Mr. President, the resolutions adopted by the National Council of the Reserve Officers Association of the United States last month have now been released.

Because of the importance of this group and the connection between these resolutions and the Congress, I think they should be placed in the CONGRESSIONAL RECORD.

Therefore, Mr. President, I ask unanimous consent that these resolutions be printed in the RECORD.

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

RESOLUTIONS ADOPTED BY THE NATIONAL COUNCIL OF THE RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

RESOLUTION NO. 1—IMPROVED IMPLEMENTATION OF PUBLIC LAW 90-168

Whereas, Public Law 90–168, the "Reserve Forces Bill of Rights and Vitalization Act," is intended to enable the Reserve Forces to more fully and effectively fulfill their responsibilities in our nation's defense requirements, and

Whereas, with the advent of the Total Force Policy and the expanding responsibilities of the Reserve Forces, and

Whereas, to insure full implementation of the intent and spirit of Public Law 90–168 for all services, and

Whereas, to strengthen the intent and purpose of Public Law 90–168 is the most significant action needed at this time, and

Whereas, the cost-effectiveness, combat readiness and achievements of the Air Reserve Forces have proved the management system of Reserves managed by Reserves.

Now therefore be it resolved that the Reserve Officers Association of the United States seeks such administrative and legislative action to accomplish the following:

1. To create in the Department of Defense the Office of Assistant Secretary of Defense for Reserve Forces.

2. Establish the position of an Assistant Secretary in each of the services to be the Assistant Secretary for Reserve Forces.

3. Persons for these positions be selected from the Reserve Forces and possess Reserve management experience.

RESOLUTION NO. 2—RECALL OF READY RESERVISTS

Whereas, under the Total Force Policy the Reserve Components are to play an increasingly important role, and

Whereas, as a part of the implementation of the Total Force Policy it is necessary to be able to utilize the Reserve Components under circumstances less serious than warranting a declaration of war or a natoinal emergency, and

Whereas, the Congress has given the President authority to respond to such military threats for a limited period of time while it is reviewing such action in accordance with its constitutional responsibilities under the War Powers Act,

Now therefore be it resolved that the Reserve Officers Association of the United States supports legislative authority for the President of the United States to recall up to 50,000 Ready Reservists for up to 90 days without a declaration of national emergency by the President, or by the Congress, and that this resolution be forwarded to the chairmen of the Senate and House Armed Services Committees.

RESOLUTION NO. 3—OPERATION OF DEFENSE INSTALLATION COMMISSARY FACILITIES

Whereas, the Department of Defense proposes certain changes in military commissary stores' operation beginning in October 1975, and

Whereas, these changes are aimed at transferring the full cost of commissary operations to the customer, and

Whereas, this would cause an increase in the current surcharge with the result being the elimination or radical curtailment of the operation of most commissary stores, and

Whereas, such action would cause an additional financial hardship for beneficiaries of commissary operations in a period of decreasing purchasing power due to inflation,

Now therefore be it resolved that the Reserve Officers Association of the United States strongly opposes any attack upon military commissary operations or any other area of fringe benefits for military personnel and their dependents which has the effect of decreasing such personnel's disposable income in the name of economy or cost-effectiveness.

RESOLUTION NO. 4—WITHDRAWAL OF EQUIPMENT FROM RESERVE UNITS

Whereas, the Reserve Components are expected to maintain a high state of readiness, and

Whereas, there is an apparent increase in the provision of military assets for foreign military sales through withdrawal from Reserve Units,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Congress of the United States to seek to stop the apparently accelerated diversion and withdrawal of mission-essential unit equipment from the Reserve Components, and

Be it further resolved that the Reserve Officers Association of the United States urges the Congress to direct and fund the necessary procurement to equip the Total Force to insure its effectiveness.

RESOLUTION NO. 5—DEPENDENTS EQUITY, RESERVISTS WHO DIE BEFORE AGE 60

Whereas, Chapter 67, Title 10, U.S. Code (formerly Title III, P.L. 80–810), provides for retirement pay at age 60 for those who have completed more than 20 years of "satisfactory service," as defined therein, and

Whereas, the above statute does proeprly recompense Reservists for their 20 or more years of devotion and sacrifice and also makes them eligible to elect Survivor Benefits for their dependents provided they survive to age 60, and

Whereas, through misfortune, a Reservist otherwise qualified for the aforementioned benefits, may not survive until age 60, and

Whereas, he, his widow or other dependents have sacrificed many amenities and conven-

iences because of his long Reserve service, and

Whereas, no law exists which would recompense the Reservist's dependent survivors in the event of his early demise, except if his death occurs while on active duty or during training, and

Whereas, it is expected that the Reservist, as a provident individual would provide the bulk of his estate from his civilian pursuits, and

Whereas, on the other hand, a career military member can, in most cases, develop his estate from his full-time military career, but

Whereas, the Reservist has invested a significant share of his lifetime to Reserve duty, thus sacrificing in part his ability to develop a complete estate for his survivors,

Now therefore be it resolved by the Reserve Officers Association of the United States that it develop and support legislation which, based on current statutory bases, would provide a fully qualified Reservist's dependent survivors (should he die before age 60) a benefit in proportion to his military service as compared to that of his full-time military counterpart.

RESOLUTION NO. 6—RELOCATION OF RESERVE UNITS

Whereas, maintenance of Reserve Forces is an integral part of Total Force Policy, and

Whereas, manning of many Reserve Forces is dependent on a large population base for recruiting markets, and

Whereas, large population bases usually support a variety of industrial and management skills readily usable by Reserve Forces, and

Whereas, the Department of Defense has traditionally sought to establish and maintain Reserve units on these premises, and

Whereas, economic pressures are forcing consolidations of facilities when possible,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of Defense to adhere to policies supporting these aforementioned premises and carefully evaluate all decisions which relocate Reserve Forces from major population centers to sites surrounded by inadequate population bases, thus assuring that cost-effectiveness is in fact achieved and no loss in combat readiness is incurred.

RESOLUTION NO. 7—REVISED REDUCTION-IN-FORCE PROCEDURES

Whereas, the active forces are required to involuntarily separate dedicated and qualified individuals to meet Congressionally imposed ceilings, and

Whereas, the quality of an individual is not governed by the source of commission or the particular component within the force, and

Whereas, true economies exist only when the most highly qualified individuals are retained, without reference to component,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of Defense to seek legislation which would provide for the retention of only the most qualified individuals, without regard to component, in any future reductions-in-force, and

Be it further resolved that the Reserve Officers Association of the United States supports the equal entitlement to readjustment benefits authorized members of the Reserve Components for individuals of the Regular Forces of the armed services involuntarily separated from the active service by reason of reduction-in-force.

RESOLUTION NO. 8—PROPER UTILIZATION OF RESERVE FORCES

Whereas, the Total Force Policy requires proper utilization of Reserve Forces, and

Whereas, subsequent utilization for this purpose has been on a piecemeal basis, and

Whereas, such utilization has not followed a definite program,

Now, therefore, be it resolved by the Reserve Officers Association of the United States that an examination should be made by the Department of Defense of the utilization of all of the Reserve Forces in the Active establishment for the purpose of ascertaining where the Reserve can perform missions of sufficient duration so that the Active establishment can reprogram those assets to better support the Total Force.

RESOLUTION NO. 9—EQUITY OF READJUSTMENT ALLOWANCES

Whereas, the constricting military strengths as a result of the end of the Vietnam conflict and the current economic situation dictate the involuntary release of not only officer but enlisted personnel, and

Whereas, the $15,000 maximum readjustment allowance, now authorized only for commissioned officers involuntarily released from active duty, established in 1956 has been eroded by inflationaray forces, and

Whereas, involuntary reductions-in-force apply not only against officer personnel but against enlisted personnel as well,

Now, therefore, be is resolved that the Reserve Officers Association of the United States seeks and supports legislation which would:

(1) Provide readjustment allowances under Section 687, Title 10, U.S. Code, for both enlisted and officer personnel involuntarily released from active duty, and

(2) Raise the ceiling to provide maximum payments equivalent to the present purchasing power of $15,000 in 1956.

RESOLUTION NO. 10—ADDITIONAL MEDICAL CARE AND RELATED BENEFITS FOR MEMBERS OF THE RESERVE COMPONENTS

Whereas, members of the Reserve Components of our Armed Forces are, in the course of their training and in support of the active forces, increasingly engaged in hazardous training and duty, and

Whereas, current law does not provide adequate protection for all Reservists taken ill during training, injured during training and while traveling to and from such training, nor does it provide adequate medical care for survivors of those who are killed during training, and

Whereas, a bill entitled "The Reserve Forces Benefits Act," which has passed the House of Representatives during several Congresses, will provide the coverage now omitted in law,

Now therefore be it resolved that the Reserve Officers Association of the United States strongly supports "The Reserve Forces Benefits Act" or similar legislation that will provide this medical care and related benefits to Reservists and their dependents.

(This resolution updates and supersedes Resolution No. 28, 19 June 1971.)

RESOLUTION NO. 11—ARMY AND AIR FORCE RESERVE TECHNICIAN LEGISLATION

Whereas, the Air Force Reserve has been cited as an example of a viable and effective Reserve program with a large majority of the Category "A" units combat ready, and

Whereas, the Reserve Officers Association at its convention in Atlanta voted to support legislation proposed for submission to the 93rd Congress which would place all technicians in the Excepted Service and make other changes to the program, and

Whereas, while the proposed legislation may meet the requirements of the Army technician program, it will adversely affect the Air Reserve technician program in the areas of comba' effectiveness and morale, and cause job upheaval,

Now therefore be it resolved that if such legislation is referred to the Congress, the Reserve Officers Association petitions the appropriate committees of the Congress involved with this legislation to separately consider the requirements of the Army Reserve and the Air Force Reserve as they apply to the technician program.

RESOLUTION NO. 12—RESERVE COMPONENT TRAVEL FOR OVERSEAS TRAINING

Whereas, under the Total Force Policy, the Reserve Components are to be the initial and primary source for augmenting the Active Forces in any future emergency, and

Whereas, to increase the readiness of the Reserve Components, it is essential that all elements of the Reserves be thoroughly trained, and

Whereas, units selected for overseas training are those units for which appropriate specialized training is not readily available within the Continental United States (CONUS) and for which a contingency mission has been assigned for duty in an overseas area comparable to that in which the unit is to receive overseas training, and

Whereas, such training provides realistic "hands-on" training and mission-oriented activities in the area of potential overseas deployment, and

Whereas, such training will contribute significantly to the unit's readiness condition, and

Whereas, prior to the termination of "Reserve Component Overseas Training Travel" by the United States Congress in September 1974, selected units were able to receive the necessary training during their annual training periods by traveling to suitable overseas locations,

Now therefore be it resolved, That the Reserve Officers Association of the United States urges the Congress of the United States to modify the action terminating Reserve Component overseas training travel, in order that Reserve Component units will be able to receive effective mission-oriented training outside the Continental United States.

RESOLUTION NO. 13—UNIFORM STANDARDS FOR PARTICIPATION IN NON-PAY TRAINING

Whereas, there is no uniformity among the Services in the amount of time for participation in non-pay inactive duty training necessary for earning equivalent retirement points in performance of the same training or duties, and

Whereas, this violates the principle of equal credit for equal work, and discriminates against some Reservists,

Now therefore be it resolved by the Reserve Officers Association of the United States that the Secretaries of each of the Services be urged to standardize the length of time of participation in non-pay inactive duty training among the Reserve Components for the earning of one retirement point.

RESOLUTION NO. 14—JUNIOR ROTC SUPPORT

Whereas, Junior ROTC is an economical and professional method of instilling patriotism, comraderie, justice, competition and academic knowledge into the youth of America, and

Whereas, JROTC units require field trips, specialized briefings and technical/vocational orientations to complement and embrace their academic programs, and

Whereas, service department budgetary limitations have severely restricted funding of JROTC units for these essential activities,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of Defense to encourage post, camp, station, base and facility commanders to support, within their capabilities, requests from JROTC units for transportation, speakers, demonstrations and orientations.

RESOLUTION NO. 15—CHANGE IN SURVIVOR BENEFIT PLAN (SBP)

Whereas, the reductions in retired or retainer pay provided by Section 1452(a) of Title 10, U.S. Code, in the case of a person who has elected to provide a Survivor Benefit Plan (SBP) annuity for a spouse, and by Section 1452(c) of Title 10, U.S. Code, in the case of a person who has elected to provide a SBP annuity for a natural person with an insurable interest, do not terminate upon the death or divorce or such spouse or death of a natural person with an insurable interest, and

Whereas, in the case of a married retired federal employee, Public Law 93-474, 93rd Congress, S. 628 of October 26, 1974, provides that upon losing a spouse covered by an election to provide a survivor annuity, the retired person's annuity shall be recomputed and paid as if it had not been reduced.

Now therefore be it resolved that the Reserve Officers Association of the United States seeks and supports appropriate legislation to provide that "Retired or retainer pay which is reduced under Subsections 1452 (a) and (c) of Title 10, U.S. Code, shall, for each full month during which a retired member or fleet Reservist is not married, or after the death of a person with an insurable interest, be recomputed and paid as if the retired or retainer pay had not been so reduced."

RESOLUTION NO. 16—AIR FORCE RESERVE UNIT FLYING HOUR ALLOCATIONS

Whereas, the Air Force Reserve Flying Unit Program has long been highly cost-effective in both its training and productive airlift missions under the existing flying hour allocation schedule, and

Whereas, the combat capability of Air Force Reserve Flying Units is dependent not not only on aircrew proficiency but also on the ability of each unit to maintain its aircraft operationally ready, and

Whereas, the reduced allocation of flying hours to each unit imposes limits on the degree of aircrew proficiency attainable, and

Whereas, the pre-mobilization maintenance manning of Air Force Reserve flying units is already skeletal in many critical skills, and

Whereas, to further reduce flying hour allocations would result in reduction of maintenance capability below an acceptable level for support of the peacetime mission of maintaining a combat capable force,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of the Air Force and the Secretary of Defense to seek necessary appropriations for flying hour allocations that will continue to provide adequate combat readiness training.

RESOLUTION NO. 17—RETENTION OF THE AIR RESERVE PERSONNEL CENTER

Whereas, the Air Reserve Personnel Center (ARPC) at Denver, Colorado, maintains the records and handles the major personnel actions of all members of the Air Force Reserve, and

Whereas, the management of Reserve records and personnel actions is specialized with its own peculiar problems, and

Whereas, ARPC, through long experience and a dedication to service has developed a well-earned reputation for service to the members of the Air Force Reserve, and

Whereas, proposals have been made to move ARPC to Randolph Air Force Base, Texas, and consolidate its functions with the Air Force Military Personnel Center (AFMPC) thereat,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the preservation of the integrity of the Air Reserve Personnel Center and opposes its proposed consolidation with the Air Force Military Personnel Center.

RESOLUTION NO. 18—COAST GUARD RESERVE ADMIRALS

Whereas, there is little opportunity for officers of the Coast Guard Reserve to be promoted to flag rank because of present statutory limitations of two flag billets and a five-year tenure for flag officers of the Reserve as contained in Sections 772(b) and 798, Title 14, U.S. Code, respectively, and

Whereas, the promotion opportunity to flag rank for Reserve officers is disproportionately lower than that for regular officers (the authorized number of two Reserve flag officers being only .04 percent of the authorized Reserve officers strength as compared with .75 percent authorized for Regular flag rank), and

Whereas, a lesser term would allow more opportunity for service as Reserve admirals, and

Whereas, a lesser term would provide motivation and incentive for captains who would otherwise realize no future chance for promotion prior to retirement.

Now therefore be it resolved that the Reserve Officers Association of the United States seeks and supports legislation to amend Chapter 21, Title 14, of the U.S. Code to change the tenure of Coast Guard Reserve admiral from five years to three years.

THE MONETARY REFORM LEGISLATION, SENATE CONCURRENT RESOLUTION 18

Mr. BUCKLEY. Mr. President, the U.S. Senate yesterday passed, 86 to 0, Senate Concurrent Resolution 18 which I believe when fully implemented will represent a significant step toward breaking the grips that the inflation-recession cycle has on this Nation's economy. Since the end of World War II, we have been slowly but progressively drifting toward ever more harsh inflations followed by devastating recessions. It has only been since the most recent 12-percent-plus inflation and the advent of the worst economic recession since the Great Depression that economic observers have come to appreciate that either condition is a cause for concern. The economic truth we face today is that inflation and recession are problems which must be dealt with simultaneously. It is folly to direct total attention to one of the two problems, with the stated or unstated expectation that the other will not be a problem.

Increasingly, economists are coming to consider that the problems of recession and inflation have common origins, with the distinctions largely matters of degree. The controlling factor is monetary policy. What gave this Nation runaway inflation was excessive growth in the money supply. What brought about the recession was an overly rapid contraction of the growth rate to the point that the Federal Reserve produced no monetary growth over the last economic quarter. To be sure there have been contributing causes to both the inflation and the recession, most notably the rapid increases in the costs of imported oil. But I am convinced that primary blame belongs to erratic money supply management. And that is what Senate Concurrent Resolution 18 is all about. As a cosponsor, I am interested in three things. First, the Federal Reserve must pursue a policy which intends to bring about more rapid growth in the money supply for the next few months, so as to bring the calendar year 1975 annualized growth average to around 5 percent. Second, that long-term monetary targets should be calculated toward maintaining a relatively stable money supply growth policy, one which is geared to the Nation's long-term economic potential. It is clear to me that if we are to break out of the ever-worsening inflation-recession cycle, then we must have a relatively stable policy of monetary growth. Third, as a Member of the Senate who is called upon to vote for and against legislation which has a fiscal policy impact, I fully appreciate the need to have available to me information regarding the Federal Reserve's short-term intentions toward monetary policy. I, for one, think it is absolutely essential that the Congress have this information. Without it, any attempts at macroeconomic policy planning are haphazard at best.

Much of the literature in the field of monetary policy dwells on arcane concepts and is clouded by technical jargon. But in essence, the general relationships are uncomplicated. The money supply and, specifically, the rate at which it increases, hold the key to spending, both private and public. Economists have discovered that there is a close, long-term correlation between the rate at which the supply of money grows and the rate of increase in total spending. When there is a rapid rate of growth in the money supply, the rate of spending increases rapidly; and similarly, when there is a sharp reduction in the rate of growth of the money supply, the growth of total spending is also rapidly reduced. This is true no matter which one of the several monetary aggregates we focus on. They all move up and down together.

The precise nature of the relationship between changes in the rate of monetary growth and the rate of growth of total spending is imperfectly understood, as is the lag relationship between a change in the monetary growth rate and its eventual effect on total spending. Nevertheless, there is widespread agreement among economists that, in Prof. Paul Samuelson's words, "money matters."

In recent months, for a variety of technical and policy reasons, the Federal Reserve has virtually called a halt to the expansion of the supply of money. The consequences of this slowdown in the rate of growth are serious for the private economy which accounts for nearly 65 percent of total spending, and for State and local governments which account for another 12 percent; especially when Federal spending is increasing at an annual rate of more than 17 percent.

To be sure, it is not just the monetary policies of the Federal Reserve which should concern those of us interested in Federal economic policy. The casualness with which Members of the Congress have received the news that the Federal Government in fiscal 1976, will spend at least $352 billion and incur a deficit of between $60 and $80 billion, is deeply disturbing. Forty years of more or less consistent deficit spending has deadened our economic sensibilities to the potential

damage done to the economy by ever-larger Federal budgets and deficits.

If we are to avoid a new surge of inflation to rates of 15 percent or higher, it is essential that a large portion of next year's deficit be financed through the Nation's capital markets. Unfortunately, the consequences of such a massive intervention will be interest rates higher than those that would otherwise prevail, and a reduction of spending which would otherwise be made by the private sector. The result of this kind of Government competition for funds available in the capital markets will be a slower recovery from the recession in which we presently find ourselves mired.

In other words, we find ourselves on the horns of a real dilemma which, if not handled correctly, could lead to far more serious economic difficulties than those in which we now find ourselves.

If we look at the last decade as a whole, we can see a disturbing tendency for monetary policy to be excessively stimulative. This has resulted in much higher rates of price inflation than we have experienced in the past.

From 1959 to 1964 prices grew at a rate of 1.5 percent per year.

From 1965 to 1972 prices grew at a rate of 4 percent per year.

Prices grew 7.4 percent in 1973, and approximately 12 percent in 1974.

In each of these time periods the increase in prices has resulted from the increasingly stimulative monetary policies put into effect during the preceding periods. In recent months, however, as if to correct for past overindulgent monetary growth, the Federal Reserve has slammed on the brakes with such force that we have experienced a slowdown in spending that is far greater than is necessary or prudent.

Many economists have now concluded that fluctuations in monetary policy are in themselves major causes for concern. I cannot stress this too strongly. The high inflation of 1973–74 reflected in substantial part the extraordinarily high 8 to 10 percent annual money supply increase in 1972–73. Over the last 8 months, no doubt to cool the inflation, the Federal Reserve, for all practical purposes, called a halt to growth in the money supply. If a 1974–75 recession was already in the making, it was made significantly more severe by the swift contraction of money supply growth. Responsible economists indicate that this reflected the Federal Reserve's traditional concern with the fine-tuning of the economy, including control of interest rates, and in particular short-term money market rates. Rather than accepting day-to-day fluctuations of interest rates as a result of supply and demand changes, historically, the Federal Reserve tries to resist both increases and decreases in interest rates. As a result, the growth in money supply is apt to be either too fast or too slow and the economy accordingly either overheats or contracts.

The fundamental virtue of Senate Concurrent Resolution 18 is that it spells out a criterion and procedure to provide for a more predictable, constant policy that on the average will relate the growth of the supply of money to growth in the productive capacity of the economy. The Federal Reserve would be directed to tie "its money supply growth targets and other monetary actions" to the "economy's long-run potential to increase production," and this would bring economic growth without inflation.

I am delighted Senate Concurrent Resolution 18 has passed the Senate. I believe it holds the key to building long-term stability into our monetary system by recognizing that our economy is simply too complex to be "fine tuned" by even the ablest and best informed of men. In so doing, it will remove sources of economic instability that can and have adversely affected economic development.

TWA SEEKS TO REDUCE FARES FOR ELDERLY, YOUTH, AND FAMILIES

Mr. INOUYE. Mr. President, I would like to bring to the attention of this body a noteworthy development in the field of commercial aviation. TWA has recently announced that they have filed with the Civil Aeronautics Board a request to initiate reduced fares for the elderly, youth, and families. I applaud TWA for this effort. As we are all aware, airline fares, as everything else, have been on the rise during the last year. It is refreshing, therefore, to see an effort by TWA to reduce fares for those segments of our society who are in the most need; namely, the youth, the elderly, and families. These fares will provide savings of 33 percent over current coach fares.

Let us hope that the CAB will approve these fares so that they will become operational as planned on April 24 and accordingly will be available for the rest of the year. It is no secret that there is a severe decline in airline traffic. This combined with escalating costs makes TWA's reduced fares most timely. This offering then of youth, senior citizen, and family fares will provide savings to the consumer while increasing airline revenues by stimulating increased leisure travel.

Mr. President, I urge the other airlines to follow TWA's lead and request similar fares; and let us hope that neither the Civil Aeronautics Board nor the administration place any stumbling blocks in the way of these reduced fares.

SENATOR McCLURE CALLS FOR RESTRICTIONS ON CRIMINALS, NOT FIREARMS

Mr. HANSEN. Mr. President, the Senator from Wyoming has had the good fortune to have brought to his attention testimony given before the House Judiciary Committee's Subcommittee on Crime.

This testimony was on the subject of gun control, and was presented by the distinguished Senator from Idaho (Mr. McCLURE). The Senator's remarks very well reflect the view of the vast majority of citizens in my State of Wyoming, and I believe reflect the view of a majority of American people who have given fair and serious consideration to the gun control question.

The Senator from Idaho expresses his concern "over the fact that more attention is being given to restrictions on guns than there is being given to restrictions on the criminals who use guns."

Mr. President, commonsense tells us that it is the criminal element that must be brought under control in this country. The Senator from Idaho makes this point exceedingly well. I commend him for this important testimony, and ask unanimous consent that it be printed in the RECORD.

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

REMARKS BY JAMES A. McCLURE

Mr. Chairman: I appreciate having the opportunity to address this Subcommittee on the subject of gun control, but to be quite honest with you I am very concerned over the fact that more attention is being given to restrictions on guns than there is being given to restrictions on the criminals who use guns.

There are many millions of Americans who are deeply distressed over our rising national crime rates. Those same millions of our citizens are viewing the current events in this Congress, though, with the same kind of distress. They see an absurd situation—where incredible attention is paid to the damning of the absolute and legitimate rights of law abiding citizens through restrictive and wholly unnecessary gun controls—but where virtually no serious attention is paid to bringing the desperately needed changes in the law to deal swiftly and harshly with criminals.

The American public has been victimized too long—far too long—by criminals, and ultimately by those in the Congress who refuse to take the only sure-fire action that will reduce the violent crime spiral—which is getting criminals off the street and behind bars. Gun controls will not end crime. That's pie in the sky.

I am opposed to gun controls. I am against them, and I will fight them because:

The Constitution guarantees the right to keep and bear arms. The Second Amendment is absolute—it is inviolable.

Existing gun laws—even the most stringent—have failed to reduce crime. Homicide in this country, for example, has grown 300 percent since the Gun Control Act of 1968.

Gun laws principally affect only those of our citizens who are law-abiding—those who own firearms for self-defense, for sport and recreation or any other lawful purpose.

Gun laws cost money. Gun controls require excessive administration, the cost of which is borne by the already overburdened tax-payer through millions of dollars in additional taxes.

Gun laws create untouchable bureaucracies that only serve to harass law-abiding citizens.

Gun laws which move to abolish constitutionally lawful possession and use of handguns will not touch crime. But it will dash the right of all Americans to defend themselves, their homes and their livelihood.

Mr. Chairman; to possess and use firearms is historically, legally and constitutionally recognized in this nation. The Second Amendment clearly proclaims that "the right of the people to keep and bear arms shall not be infringed." Our Second Amendment must not and can not be ignored as is being done by many advocates of strong gun control measures.

Mr. Harold W. Glassen, a noted trial lawyer and past President of the National Rifle Association, summed up in five important points the status of the Second Amendment and its interpretation:

One, "The Second Amendment does not create the right of the people to keep and bear arms, but it prevents the Congress from infringing such a right—thereby recognizing that such a right exists."

Two, "Such right existed in the English common law and is part of our common law."

Three, "The Federal government has no police power but some right of regulation is permissible under the Commerce Clause and I sometimes think our Federal government does not know it has no police power. At this time in history, there is reasonable doubt whether the Supreme Court of the U.S. would determine whether the Congress was restrained from infringing the right of the individual to keep and bear arms, that is to say, whether the right is collective or individual. The question could come up in the event of legislation providing for confiscation of individually owned firearms."

Four, "At this time the Second Amendment applies to the Congress, but there is some indication that the Supreme Court might extend this prohibition to the 15 States not now having a constitutional provision on the matter of the right to keep and bear arms."

Five, "Most of the States' constitutional provisions recognize or, if the need existed, create the right to keep and bear arms."

As Mr. Glassen so aptly claimed—the anti-gun people deny that there is such a basic right to keep and bear arms by the people, but they are wrong and they know they are wrong. Mr. Glassen's five points indicate why.

Some argue that the Second Amendment only applies to the militia. However, as John Snyder pointed out in the 1971 summer issue of "New Guard" our founding fathers contemplated the role of the second amendment. "Thomas Jefferson in his draft of the Virginia Constitution in June of 1776 stated: 'No freeman shall ever be debarred the use of arms.' (The Declaration of Independence came a few weeks later.)" Mr. Snyder told of what George Mason said in his Fairfax County Militia Plan for Embodying the People—"We do each of us, for ourselves respectively, promise to engage a good Fire-lock in proper order, and to furnish ourselves as soon as possible with, and always keep by us, one Pound of Gunpowder, four Pounds of lead, one Dozen Gun-Flints, and a pair of Bullet Moulds, with a Cartouch Box, or powder-horn, and Bag for Balls." Thus Mr. Synder illustrates a key fact—"Mason clearly indicated that persons individually armed at their own expense constituted a source of personnel from which militia could be drawn." Mason thus considered the individual right to bear arms to be conceptually prior to a militia. As pointed out by John Snyder, "Mason's statement carried the definitive implication that it is because the people have the individual right to keep and bear arms, are capable of exercising it, and in fact do exercise it that an active militia can exist. The mere fact that there is a militia depends on the people's individual right to keep and bear arms."

George Washington declared in 1790 that "A free people ought not only to be armed and disciplined; and their safety and interest require that they should promote such manufactories as tend to render them independent of others for essential, particularly military, supplies." How tragically ironic it would be as our 200th anniversary approaches if this Congress were to desecrate the intent and power of the Second Amendment by passing gun controls which are in direct conflict with the individual freedoms guaranteed by the framers of our Constitution.

I observe with interest that rarely does anyone argue with the inviolability of the First Amendment guaranteeing freedom of speech and the press but yet many times those same champions of the First Amendment are often the first to recommend restrictive legislation which moves to disregard those guarantees of the Second Amendment. This is seen by the fact that the public has been bombarded by network news often showing only one side of the gun control issue—that in essence handgun registration and even confiscation will accomplish less crime and safe streets. Where it is obvious to everyone that the First Amendment is untouchable, that same status of the Second Amendment seems to be forgotten. Pushing aside the Second Amendment in an effort to control crime by the imposition of restrictions on inanimate objects—guns—is dangerous and in many respects is outright arrogant.

Purported "facts" and figures are widely cited by proponents of restrictive controls to show that firearms are a major factor in crime and that, therefore, the most effective way to reduce crime is to restrict sharply the availability of firearms, particularly hand guns. This "fact" is simply not so. The Gun Control Act of 1968 stands as the most prominent example of the fact that gun controls have not worked. This Act is ineffective in preventing crime as witnessed by the staggering increase in the crime rate that has taken place within the seven years this law has been on the books. Crime statistics clearly indicate, for example, that it is the cities, not the hunting areas, where the misuse of firearms occurs. The FBI reports that in 1973 two-thirds of all robberies occurred in the big cities. These statistics also show that our less densely populated areas have the lowest homicide rate. Coincidentally, these areas usually have the least restrictive laws on the possession of firearms. It is unnecessary to penalize the outdoorsman for the crime-in-the-streets problem that exists elsewhere. Further, it has been proven in many cities that restrictive gun legislation has not solved their problem. The fact is that the number of times a gun was used in the commission of murder has increased since the 1968 Gun Control Act was passed. All of the data indicates that firearm laws seem to have little effect in preventing the illegal acquisition of firearms for use in illegal activities. Dr. Alan Krug of Penn State University in his 1968 analysis of FBI statistics in comparison to state firearms laws concluded that there is no significant difference in crime rates between states that have firearms licensing laws and those that do not.

There has been a series of witnesses before this committee extolling the wonders of handgun registration and handgun confiscation. Their logic is as fallacious as it is simple—that there is a direct relationship between the legitimate and lawful ownership and use of handguns by American citizens and our soaring rate of national crime. It just isn't so.

For example, there are, according to estimates made before this committee, 40-million handguns owned by Americans, but in a nation of 210-million souls, the total of homicides by firearm last year was 10.340. Assuming a different handgun was used in each of those murders, we are talking about a total of two-one-hundredths of one percent of the nation's handguns used in homicide. Turn that figure and it says, or should say something very staggering to those who advocate confiscation—that 99.98 percent of the handguns in the country are not used to commit murder. But that 40-million figure may be misleading. The New York Times claims there are 200-million handguns in the nation. That would work out to .005 percent (five thousandths of one percent of the total handguns in the nation are used to commit murder.)

That is by no means a statistical mandate for the kinds of controls being considered in this Congress. But there is and there has been for a long time, a serious mandate from the American people to this Congress to deal with crime directly by dealing with those who commit crime—dealing swiftly, justly, and where guilt is obviously and fairly established, deal harshly. To paraphrase an oft repeated television editorial: Get the criminals off the streets. That's what the American people want. Get the criminals off the streets.

If we in Congress can do that, we will have done more to help our nation of beleaguered victims than any number of gun controls. Flat out—gun controls don't work and they won't work. Criminal control does work—and will work if we provide it.

Thus, I feel it is a myth that no guns means no crime. As John R. McClory recently stated in an article on gun control in "Shooting Times": "You are treating the symptom, not the cause, by attempting to reduce crime by focusing upon one of the many instruments which may be used to commit crime. The answer to violent crimes, if one exists, is a change in the desire in any man to injure or to kill another."

Mr. McClory points out that Switzerland "makes every male citizens above the age of 16 a member of the militia and requires that each keep a firearm and ammunition in his home. Yet the incidence of the use of firearms in the commission of crimes in that country is almost nil. The difference is not the availability of weapons but the general sociological attitude toward crime."

Gun control advocates conveniently forget that crime flourishes when courts are lenient and when the controls on police officers hamper effective law enforcement. All of the firearm laws in the world are not going to deter crime until there is a change in the attitude toward the role of law enforcement and a rekindling of a universal respect for the laws of the land. I do not minimize for a moment the seriousness of the crime situation in this country. Neither do I minimize the danger of the 1968 gun control laws on our personal liberties or the threat further firearms control can bring as an effort by those who want to disarm the private citizen.

Some law enforcement officials desire that there be no handguns in the possession of our civilian citizens. Understandably, police officials would hope to gain some advantage against hostile forces—criminals. However, this would put the ordinary citizen at the disadvantage vis-a-vis criminals. *He* would be in the opposite position after giving up *his* handgun. He would not have a gun with which to defend himself against criminal assault and the criminal would know he didn't. Besides, the police would still face an armed criminal force *without* the backup of an armed law-abiding citizenry. I am convinced, as are many of my fellow Idahoans, that legislation curbing the purchase of guns will neither prevent a man bent on committing a crime from doing so, nor promote safety by disarming the law-abiding citizen.

I mentioned earlier the enormous cost of administering gun controls. For example before the 1968 Gun Control Act was enacted the present Bureau of Alcohol, Tobacco and Firearms was merely a division of the IRS. Since the enactment of the 1968 Act this Division of the IRS has grown to a separate Bureau of the Treasury Department. There has plainly been a considerable increase in manpower and thus an appreciable increase in the cost of the taxpayer as a direct result of a law that has not met the test by any measure. The Citizens Committee for the Right to Keep and Bear Arms very adeptly pointed out this factor of increased costs in a letter to the New York Times recently. In that letter it was shown that a repeal of the 1968 Gun Control Act would reduce the financial burden on the taxpayer. This certainly makes common sense for the tax dollars used in administering an ineffective law during times of great economic stress might be more effectively used elsewhere in the fight against crime.

Gun control laws serve to only harass the law-abiding citizen. These laws, which set up administrative agencies for their enforcement, leave the law-abiding firearms owner and dealer at the mercy of regulation-happy

bureaucrats. Current gun control laws impose endless red tape on the ordinary gun-owning citizen. This individual is not a criminal but faces the hazard of legal penalties resulting from often understandable omission or error in filing our ridiculous forms and complying with asinine Federal filing requirements.

Mr. Chairman, I must leave the Committee with this thought. On the eve of Congressional approval of the 1968 Gun Control Act, Congressman William Bray warned the Congress that it should legislate and put new laws on the books only under the following conditions:

"One, when new laws are really needed, because old ones are unworkable; not merely because old ones have never been enforced;

"Two, to meet specific objectives and not be detracted by "Red Herring" legislation;

"Three, only after sound arguments have been employed, free of taint or fear and hysteria;

"Four, within the framework of the Constitution; some rights can not be guaranteed if legislation takes other rights away; and

"Five, only if it can be unequivocally and unquestionably said that the new laws, considered in the context of our history, our heritage, our role in the world, and our people as a whole, are really what would be best for the United States and its citizens."

Congressman Bray's words were absolutely appropriate in 1968 and they apply just as strongly today. I hope this Subcommittee and the Congress will take heed of these points.

Congressman Bray concluded his eloquent remarks on the 1968 gun control legislation by stating that "the drive for more gun laws is a drive that will never really stop until the ultimate, extreme goal of total personal firearms confiscation, and total civilian disarmament has been atttained. Total law-abiding civilian disarmament and confiscation; there is a real distinction to be made, as surely no one is so naive to believe that the criminal will voluntarily surrender his weapons, or will voluntarily cease his attempts to get them in any way he can." I wholeheartedly agree, for it is likely the criminal will get hold of a gun regardless of any law passed. Legislation imposing further restrictions on the ownership and possession of hand guns is not the answer to our law-enforcement problem. Attention should be focused on the criminal not the gun.

In this regard, the Congress should do its part along with the States in providing laws to help combat and prevent crime in this country. I realize that in determining how to fight against crime the question of firearms use becomes inherent—mainly because firearms are used for legitimate purposes not just in the commission of crime. It is estimated that 200 million firearms are owned by between 40 and 50 million people. At least 50 percent of the American households own at least one gun. It is completely understandable why many Americans have serious questions about any attempt to control firearms. Guns are part of our national heritage and their presence is intertwined to the extent that the right of possession is specifically mentioned in our Constitution. Thus, in any debate on firearms and violent crime, the factors of firearm use, the traditions of universal firearm possession, and Constitutional guarantees of that possession must not be ignored. It must be remembered that efforts to regulate and control the tools of crime and violence are digressions from the primary task of controlling criminals and perpetrators of violence.

NICHOLAS J. LACOVARA

Mr. MANSFIELD. Mr. President, I would like to call to the attention of my colleagues the impending retirement of Nicholas J. Lacovara, administrative assistant to the Senate Sergeant at Arms, after almost 28 years of devoted and conscientious service to this body.

Better known as Johnny to his legion of friends, Mr. Lacovara served his country in the Army Air Corps during World War II. His service with the Senate Sergeant at Arms began on June 18, 1947, under Joseph Duke. Concurrently, he managed to complete his education at George Washington University. In July of 1956 he was named administrative officer of the Senate recording studio, a position he filled with his usual dispatch and good will. After 10 years in this position, he was named administrative assistant to Sergeant at Arms Robert G. Dunphy, a position he continued to fill with distinction under the present Sergeant at Arms, William H. Wannall.

I am sure the Members will join with me in expressing regret at the departure from the Senate of this capable and dedicated man, and further, in extending our very best wishes for a well-earned retirement.

THE DEATH OF MRS. EULALIE SALLEY

Mr. THURMOND. Mr. President, for many years, it was considered unusual and even improper for a woman to aspire to a career in business or public life. Fortunately, this attitude has changed. However, while it prevailed, our country was denied the full benefit of the skills and wisdom of well over half its citizens. Rare, indeed, were the women who could rise above the obstacles in their path to positions of responsibility or eminence. The few individuals who did so had to possess not only great abilities but great patience and stamina as well. One woman who possessed all these qualities in abundant measure, and who enjoyed corresponding success and distinction, was Mrs. Eulalie Salley of Aiken, S.C. This outstanding citizen died last Saturday at the age of 91, and I rise to pay her a few words of well-deserved tribute.

There is no need to dwell at length on the many achievements of Mrs. Salley's long life. A biography entitled "Eulalie" has already been published, and since her death numerous articles have appeared in newspapers recounting her remarkable career. Perhaps Mrs. Salley's best known and most adventurous enterprise was her campaign for women's suffrage. For 6 years, from 1913 to 1919, she traveled all over the South and Midwest speaking out on behalf of the 19th amendment.

With this campaign successfully concluded, she founded a real estate agency in Aiken, Eulalie Salley & Co., and soon had gained many prominent and wealthy clients. During her career as a realtor, she acquired great fame for her development and improvement of large estates in the Aiken area. Her business acumen was publicly recognized in 1973 by the Aiken Business and Professional Women's Club when she was named Woman of the Year.

However, Mrs. Salley was a family woman as well as a businesswoman. She married Aiken attorney Julian B. Salley in 1906 and was a devoted wife and mother for many years. Indeed, her life is a graphic demonstration that a woman can have a successful career without neglecting family responsibilities and without sacrificing any of her feminity.

Mr. President, Mrs. Salley was a liberated woman a full half century before the phrase "women's liberation" was even coined. Her services to her sex, her State, and her Nation are gratefully remembered in many quarters. In 1969, she was the special guest of the South Carolina General Assembly at ceremonies commemorating the 50th anniversary of the passage of the 19th amendment. I am sure that the Congress of the United States feels an equal gratitude for the accomplishments of Mrs. Salley, along with great sorrow that she is no longer with us. As a fitting honor, I ask unanimous consent that a selection of the recent newspaper accounts be printed in the RECORD.

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

[From the Aiken (S.C.) Standard, Mar. 10, 1975]

MRS. SALLEY, LEADER OF SUFFERAGE, DIES

Eulalie Chafee Salley, 91, South Carolina's First Lady of Real Estate, died early Saturday at her home, Edgewood, here.

She was buried, according to her desire, in private services for the immediate family Saturday evening at St. Thaddeus Episcopal Church here.

Mrs. Salley died of cancer and had been seriously ill for the past three weeks. The family suggests the American Cancer Society for those wishing to make memorials.

It was thought a joke when Mrs. Salley, the widow of Aiken Attorney Julian B. Salley, applied for a license to become the first woman realtor about 1915. But she went on to develop one of the most interesting and successful careers in Aiken's history.

At one time or other, she has sold almost every large piece of property in Aiken.

Mrs. Salley also sold many large hunting preserves in the low country and was well known in this area.

Her life's cause was women's rights. She fought for women's suffrage in the early 1900s and traveled throughout the nation trying to get the 19th Amendment ratified.

It wasn't until 1969 that she saw her own state of South Carolina make it officially legal for women to vote.

Mrs. Salley was also regional director for the League of Women Voters and visited 41 states making speeches in the early days of the organization.

She knew intimately the rich and the famous who came to Aiken.

She developed her own style of real estate in which she would have luncheon on the table when winter residents arrived at homes rented for the season.

"I wanted to make it easy for them to come to Aiken," she said.

She did, and by this means, contributed much toward establishing Aiken as a winter resort.

Finding an excitement in the stories of Lucy Pickens, wife of an ambassador to Russia, she bought the historic Pickens house in Edgefield and began the monumental task of moving it, piece by piece, and restoring it in Aiken.

She is survived by a son, Julian B. Salley Jr., a daughter, Eulalie Rutledge, two grandchildren and one great-grandson.

She has been a member of the League of Women Voters, the Garden Club of Aiken, and the Business and Professional Women. She was selected as Career Woman of the Year by the latter organization.

Mrs. Salley was also named an honorary citizen of the Senior Men's Club.

Mrs. Salley was born Dec. 11, 1883 in Augusta, the daughter of Marguerite Eulalie Gamble Chafee and George Kinloch Chafee. Her father was involved in the kaolin business in Aiken County and also dabbled in land.

Her paternal grandfather was a Rhode Islander who had come to Charleston and later settled on some property in Kalmia village here given to him by his friend William Greg, founder of the Graniteville Co.

Mrs. Salley's mother was an accomplished pianist and an amateur architect who designed several of Aiken's homes.

When cotton dropped to five cents a pound and times were hard in the South, the Chafee family moved to Mrs. Salley's maternal grandparent's plantation in Louisville, Ga. She enjoyed the animals on the 20,000-acre spread and there stored up memories of a grandfather who cursed the Yankees, a strong-willed grandmother, and life at a plantation which caused a friend to write of it later, ". . . where the wine was never sweeter, the roses never more beautiful nor the conversation more pleasing."

Suffering from rheumatic fever and unable to walk without crutches until she was about nine, one of her favorite things was driving a cart pulled by goats.

About 1892, the Chafee family moved to a big house on Laurens Street, near where the Cinema theatre is now. The northern colony in Aiken was growing rapidly under Mrs. Thomas F. Hitchcock's promotion.

Mrs. Salley was tutored privately and graduated from the Aiken Institute, the forerunner of today's Aiken Elementary School. She attended Mary Baldwin and Converse College.

In 1906, she marched down the aisle of St. Thaddeus Episcopal Church here to become the bride of the mayor, the Honorable Julian B. Salley, a young attorney who had moved here from Salley.

After her two children were born she began to tire of bridge-playing. She took up golf at Highland Park, which was adjacent to their first home; she rode horseback and she loved dancing. Having her mother living with them at the time and plenty of servants, her hours were spent frivously until she read about Lucy Pickens' granddaughter. The children of Lucy Dugas Tillman of Edgefield had been deeded away by her husband Ben Tillman Jr., while she was ill. Mrs. Salley was enraged and her anger led to an interest in women's rights.

She replied to an advertisement to join the South Carolina Equal Suffrage League, got five women together and organized an Aiken chapter. Under her leadership the Aiken group grew to a 100, canvassing the back roads of the county for women's suffrage.

She entertained on stage, rode at the head of parades draped in the suffrage color of yellow, and even rode on an airplane's wings in order to drop suffrage pamphlets over the town.

The campaign was costly, both to her reputation, as suffragettes were regarded as "wicked women" bent on destroying the American home, and to her budget as she bought space in the Columbia newspaper to tell their story and traveled extensively making speeches.

Needing money, she went to the city clerk's office to ask what kind of licenses she had. The list was read to her and she stopped the clerk at "real estate". She tried to buy a real estate and an insurance license, but the chief of police, standing in the doorway listening to the conversation, said "Give it to her; it's just a joke anyway."

She rented an office, hired a secretary and told her husband what she had done. Mr. Salley promptly offered a wager, "I'll bet you $100 you can't make $100 in six months." Within a few months she sold a big house on Hayne Avenue and made a $1,000 commission, Mr. Salley had to pay the bet.

In 1919, she was elected president of the state suffrage organization and later became a regional vice president of the national organization. When the 19th Amendment became law and suffrage organization became the League of Women Voters, she took an active part in its formation.

Her real estate career led her to acquaintance with the wealthy and famous that came to Aiken, including Evalyn Walsh McLean, owner of the Hope diamond; Lucy Mercer Rutherford, President Franklin D. Roosevelt, Ambassador David K. E. Bruce and dancer Irene Castle. Because of her friendships she appeared on national television and was featured in The National Observer.

As her business grew, she expanded, too, opening an antique shop from which to furnish the winter colonists' "cottages", as the 30-plus-room homes were called, and delving into landscaping enough to provide them with blooming gardens in mid-February on a 24-hour notice. She provided the wealthy with well-trained servants and, in general, made it easy for them to come to Aiken. She lived up to her slogan, "We do everything but brush your teeth."

Her personal collection of antiques was greatly enhanced by finds in a house on the corner of Horry Street and Colleton which she bought sight-unseen at the county Master's Sale. The previous owner, author Gouverneur Morris, had many museum-quality furnishings in the home.

Another rather impulsive buy was that of "Edgewood", the home of Gov. and Mrs. Francis (Lucy) Pickens in Edgefield which had deteriorated. Not wanting to move to Edgefield, she offered to give the home to the Edgefield Daughters of the Confederacy, but the group did not have the money to fix it up. She decided to move the house to Aiken for her own home, a decision which caused Edgefield Countians to resent her.

The move took place during the Depression, but with faith and determination, she continued the project and met the payrolls. Two chandeliers given Mrs. Pickens by the Czar of Russia had been stolen and Mrs. Salley learned later that Mr. Eugene Grace, an Aiken winter resident, had bought them. She couldn't afford to purchase them but Mrs. Grace willed them to her and one hangs in the dining room of Edgewood now. The other was given to the Governor's Mansion.

Mr. and Mrs. Salley lived in Edgewood until their deaths, his in 1951. It is located atop Kalmia Hill near her grandfather's first homesite.

In 1969, South Carolina was one of seven states which had never ratified the 19th Amendment, despite her constant push for it. She persuaded a friend, Sen. Gilbert McMillan (R-Aiken) to bring it up once more. The day was a grand one for her; the amendment was ratified and she was asked to come to the speaker's platform. "Boys, I've been waiting 50 years to tell you what I think of you," she said smiling. "I've been a Democrat all my life and it took a Republican to get this thing through."

She led the formation of the Aiken Board of Realtors, held office in it, and was vice president of the South Carolina Association of Real Estate Boards. Although she never took a test for a license, strangely enough, she became chairman of the state license law committee. She was vice president of the South Carolina Association of Real Estate Boards and was chosen the First Lady of South Carolina Realtors in 1959.

[From the Columbia (S.C.) State, Mar. 9, 1975]

MRS. EULALIE SALLEY, WOMAN REALTOR, DIES

Mrs. Eulalie Chafee Salley, 91, died Saturday at her home after a short illness.

She was born in Augusta, Ga., a daughter of the late George Kinloch and Eulalie Gamble Chafee. Mrs. Salley spent her early years on the family plantation near Louisville, Ga. She moved to Aiken at the age of 9. Mrs. Salley founded the realty firm of Eulalie Salley and Co. of Aiken about 1920. She was widely known in the 1920's and 1930's for acquiring and developing estates for Aiken's prominent winter residents. She achieved many horticultural feats, transplanting full grown trees and venerable camellias from old plantations to these estates.

In the fall of 1973, she was honored as Woman of the Year by the Aiken Business and Professional Womens Club. In December 1973 a book on her life, "Eulalie" by Emily Bull was published, recounting many of her personal experiences with the wealthy families and international celebrities who came to Aiken's winter resort.

In 1906 she married the late Julian B. Salley, an Aiken attorney. From 1913 until 1919, when women were granted the right to vote, Mrs. Salley campaigned for women's suffrage, speaking throughout the South and Midwest and in Washington, D.C. When South Carolina approved the 19th Amendment 50 years after it had been passed by the U.S. Congress, Mrs. Salley was the honored guest of the General Assembly.

Surviving are a daughter, Mrs. Eulalie Salley Rutledge of Aiken; a son, Julian B. Salley Jr. of Aiken; two grandchildren and a great-grandchild.

Private services were held Saturday afternoon at St. Thaddeus Episcopal Church Cemtery.

The family suggests that those who wish may make memorials to the American Cancer Society.

George Funeral Home was in charge.

[From the Augusta (Ga.) Chronicle, Mar. 9, 1975]

MRS. EULALIE SALLEY DIES IN AIKEN AT 91

Mrs. Eulalie Salley, prominent realtor in South Carolina for nearly 60 years and a national leader in the early years of the women's suffrage movement, died early Saturday at her home at the age of 91.

Private services were held in St. Thaddeus Episcopal Church Cemetery Saturday afternoon, with the Rev. Howard M. Hickey officiating.

Mrs. Salley founded the realty firm of Eulalie Salley & Co. in Aiken about 1920 and continued to work daily in her office to within a few weeks of her death. She became widely known in the 1920s and '30s for acquiring and developing estates for Aiken's prominent winter residents. She achieved many horticultural feats—transplanting full-grown trees and venerable camellias from old plantations to these estates. She also acquired property in the low country for a number of Northern sportsmen.

In the fall of 1973, Mrs. Salley was honored as "Woman of the Year" by the Aiken Business and Professional Women's Club, just before her 90th birthday.

In December of that year, a book on her life, "Eulalie," by Emily Bull, was published, recounting many of her personal experiences with the wealthy families and international celebrities who flocked to the Aiken winter resort.

Born Dec. 11, 1883 in Augusta, she was the daughter of George Kinloch Chafee and Eulalie Gamble Chafee. Her early years were spent on the family plantation near Louisville, Ga. When she was nine, the family moved to Aiken.

In 1906 she was married to Julian B. Salley, prominent Aiken attorney.

From 1913 until 1919, when women were granted the right to vote under the 19th Amendment, Mrs. Salley campaigned for women's suffrage, speaking throughout the South and Middle West and in the nation's capital. Her indignation had been aroused when Ben Tillman Jr., the son of a South Carolina senator, had been allowed under the archaic laws of the state to deed his two

children to his mother while his wife was ill.

When South Carolina finally ratified the 19th Amendment in 1969—50 years after it had been passed by Congress—Mrs. Salley was the honored guest of the General Assembly.

She is survived by a daughter, Mrs. Eulalie Salley Rutledge of Aiken; a son, Julian B. Salley Jr., Aiken; two grandchildren, Mrs. William S. Carr and Miss Sara Elizabeth Salley, both of Aiken, and a great-grandchild, Thomas Joseph Carr.

[From the Florence (S.C.) Morning News, Mar. 9, 1975]

FIRST LADY OF REAL ESTATE DEAD AT 91

South Carolina's First Lady of real estate, Mrs. Eulalie Chafee Salley, 91, died Saturday morning. She was to be buried in private ceremonies at St. Thaddeus Episcopal Church Saturday evening.

It was thought a joke when Mrs. Salley, the widow of Aiken attorney Julian B. Salley, applied for a license to sell real estate about 1915. But she developed one of the most successful real estate careers in Aiken's history.

At one time or another, she sold almost every large piece of property in Aiken, and also sold many large hunting preserves in the low country.

She fought for women's suffrage in the early 1900s, traveling throughout the nation trying to get the 19th amendment ratified. She was regional director for the League of Women Voters and visited 41 states making speeches in the early days of the organization.

Finding excitement in the stories of Lucy Pickens, wife of an ambassador to Russia, she bought the historic Pickens House in Edgefield and moved the structure piece by piece and restored it in Aiken.

Survivors include a son, a daughter, two grandchildren and a great-grandson.

[From the Aiken, (S.C.) Standard, Mar. 11, 1975]

EULALIE CHAFEE SALLEY

Eulalie Chafee Salley was a remarkable woman, a legend in her own time. Those who knew her and what she meant to Aiken feel a keen loss in her death Saturday.

A great racontuer herself, there are many stories to be told about her, but she was best known as one of the first women in real estate and as a proponent of women's rights. Her days as a Suffragette helped to pave the way for women at the polls today. Her real estate career helped put Aiken on the map.

By her own example, she proved the strength of womanhood, and yet retained total femininity.

She counted as friends both men and women—many famous, and many humble.

Mrs. Salley was an astute businesswoman, but she was also a woman of great charity.

She died as she lived, in dignity, without a lingering illness.

Her death marks the end of an era of gilt-edged days in Aiken's history. She left behind a lifetime of accomplishment to serve as her personal memorial.

Friends who envision an instant encounter with God after death smiled when thinking how thoroughly God must have been entertained Saturday by her arrival.

Her quick wit was one of her most charming qualities and one which she retained until she became seriously ill three weeks ago.

Her epitaph was written many years ago by Lowcountry author James Henry Rice: ". . . Her visit . . . caused a sensation."

To the members of her family, we offer our sincere sympathies. A colorful, witty, interesting and dynamic human has departed our midst.

[From the Augusta (Ga.) Chronicle, Mar. 11, 1975]

MRS. EULALIE SALLEY

When death came Saturday to Mrs. Eulalie Salley, at the age of 91, it brought to an end the life of an Augusta native whose wide range of career and public activities served to inspire every person who had felt her influence.

In many respects, Mrs. Salley was a most unusual person. After her marriage in 1906 to Aiken attorney Julian B. Salley, she developed a vital concern for the status of women under the law. She travelled extensively through the South, and the Nation, promoting the merits of women's sufferage. She saw that dream happily realized with ratification of the 19th amendment to the Constitution in 1919.

She undertook with unselfish enthusiasm and dedicated zeal to build a realty business in Aiken, which she maintained virtually until her last days. She became widely known in the 1920s and '30s for the beautiful and sprawling properties which she acquired and developed for prominent Aikenites. It was fitting recognition, therefore, when historian Emily Bull recently published a book dealing with Mrs. Salley's experience with many wealthy families and international personages who came to Aiken as winter residents.

The same charm and personality which brought Mrs. Salley recognition in business also was manifest in her social activities during her long life. The Central Savannah River Area has suffered a great loss in her death, but it is a more progressive and culturally-advanced region for her having been a part of it.

TEACHER OF THE YEAR HONORED

Mr. MONDALE. Mr. President, it pleased me a great deal when the President announced today in the White House that the 1975 Teacher of the Year is Robert G. Heyer of Minnesota.

Mr. Heyer is a coach and he teaches ninth grade physical science in Johanna Junior High School, which is in the suburban St. Paul School District of Mounds View.

The President also has selected Mr. Heyer to serve on the Commission on Presidential Scholars.

This is a big week for Mr. Heyer and his family—his wife, Marilyn, and their two sons, Timothy and Brian. It also is a big week for the teachers of Minnesota—whom Mr. Heyer represents as 1974–75 Minnesota Teacher of the Year—and particularly for the teachers of Mounds View. The Minnesota program is sponsored by the Minnesota State Fair; the Minnesota Congress of Parents, Teachers and Students; and the Minnesota Education Association. They join me in the pride we have for Mr. Hever who, I am confident, will now represent the teachers of the Nation in superb fashion.

The national teacher of the year program, now in its 24th year, is sponsored by the council of chief State school officers, the Encyclopedia Britannica companies, and the Ladies Home Journal. It is the oldest ongoing program honoring outstanding classroom teachers.

Minnesota teachers are equal to those of any State in the Nation, as is evidenced by the fact that since my great State began participating in the national program less than a decade ago. two Minnesota teachers have brought honor to their State by being selected as national teacher of the year.

One of the requirements in the search for the Minnesota teacher of the year is to include with a nomination the nominee's philosophy of teaching. Mr. Heyer's teaching philosophy, as expressed by him as part of his nomination, helps explain why he was selected by a panel of eminent educators as being representative of the best of our Nation's more than 2 million teachers.

Mr. President, I ask unanimous consent that Mr. Heyer's explanation of his teaching philosophy be printed in the RECORD.

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

MY TEACHING PHILOSOPHY

(By Robert G. Hager)

I believe that teaching offers a life of tremendous excitement, one which is filled with diverse challenges and responsibilities. Students, parents, administrators, other teachers, supportive staff members and even custodians all have their own opinions of what a teacher should be and what he should be doing. The teacher then is expected to fill many roles depending upon whose eyes are viewing him. Although the teacher must be sensitive to all of these views, it is imperative that he develop for himself a strong personal philosophy which fully utilizes his personality and talents and which will be the framework from which he will operate. In developing this philosophy he must be fully aware of the impact that teaching has in the development of the lives of his students and ultimately on society itself.

I feel that a teacher's highest priority is that of his responsibility toward his students. Teaching must be much more than a presentation of subject matter. The development of knowledge and skills, however, cannot be neglected. I want my classroom to be filled with warmth, humor, and enthusiasm about science, but I also want it filled with concern for individual worth, individual rights, and individual responsibility. I believe a teacher must play a role in helping students develop self discipline, self confidence, self honesty, reliability and humbleness, in the classroom and outside of it. I think it extremely important that my students leave my class with a positive attitude toward science, toward life, and toward themselves.

In recent years much has been said about failure in schools. Since it is extremely difficult even for adults to keep working when there is no accompanying success, I feel that my class must be structured to provide at least some academic success for every student. However, I also feel that failure is a part of the real world, and everyone must learn how to react to and cope with failures when they do come.

It is an absolute necessity to establish strong, warm teacher-student relationships both at the individual and collective level if the stated goals and objectives are to be reached. To establish these relationships and yet retain the respect and discipline necessary for an overall effective educational atmosphere is an extremely delicate matter. Involvement with students beyond the walls of the classroom, in informal social activities, in athletics, and in the community, coupled with a sincere interest in them as individuals, are some of the keys to successful student-teacher relationships. Finally, if a teacher wants students to develop positive attitudes and qualities, he must exhibit these traits himself.

The teacher must assume his share of the responsibility of developing a good building climate which is concerned with providing good learning experiences of all types, both curricular and extra curricular. Teachers

must be supportive of their colleagues and be willing to share ideas and techniques which may help others. Administrators, counselors, teachers, and supportive personnel must work cooperatively to establish a building which is alive and educationally productive.

The teaching profession has seen an almost staggering amount of change in the past few years. The teacher who sits back and hopes that the right things happen for education is neglecting yet another vital responsibility. Active involvement in professional organizations is the only way to insure continued quality education and equal opportunity for everyone. To be informed and to be involved is to be professional.

The teacher has a vital role to play in public relations. He must develop positive relationships with the parents of his students both for the sake of the effective teaching of their sons and daughters and for the sake of education in general. Parents have vital concerns for their children's future, and rightfully so, but too often we forget they are also our employers. If we do not take every opportunity to sell the value of our profession to them and to other members of the community, we can not expect to get their support for the finances and other things vital to good education. The public relations aspect of teaching must never be overlooked.

In closing, I firmly believe that the teacher must constantly strive to become the best teacher that his talents will allow him to become, and to unselfishly share his knowledge and talents with everyone he comes in contact with, especially his students.

QUOTA SYSTEMS

Mr. BUCKLEY. Mr. President, every year I receive more than 250,000 letters, not only from New York State, but from the other 49 States as well. There runs through this mail a deepening concern over the excesses, the follies, and the dangers of the Federal Government's increasing big brother-like intervention in our lives.

Foremost among the topics mentioned in these letters is the injustice being visited upon our citizens in the form of "quota systems," regardless of the names under which they may be disguised.

I recently read a speech delivered by Dr. Alan J. Gerber at a public meeting of community school board, district 20, which covers the Borough Park and Bay Ridge sections of Brooklyn, N.Y., that reflects this concern. Dr. Gerber, a member of the local board, and a teacher in the New York City school system, sums up admirably the ever-growing scope of Federal interference in our schools and lives, and the threat this poses to the basic wishes of the American people.

I ask unanimous consent that Mr. Gerber's speech be printed in the RECORD.

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

REMARKS MADE BY ALAN J. GERBER

It is very apparent that the Federal Government is experimenting on an increasing scale with the lives and welfare of our children. The criteria being used to gauge the quality of our schools is not the quality of education and instruction but rather the racial composition of its student body faculty and staff.

We are repeatedly assured that the objective of these so-called racial surveys is the elimination of racial discrimination. Yet one is hardly surprised that these social engineers and planners behind this hustle are the usual collectivists laboring to expand the authority of government into all spheres of life. They know very well that when "minorities" are set apart for "favored" treatment by the government the result is a weakening of private will and the tragic and classic example of this paternalism is the American Indian.

In 1954 the Supreme Court prohibited separation by race in public schools. The intent of the court as I see it, was to outlaw the consideration of race in the assignment of children to public schools plays no part either in the consideration of civil liberties. In fact, any inquiry by the Federal government as to above is a direct violation of one's civil liberties.

What is the real purpose of such a survey? Is it to satisfy the morbid curiosity of some nosy bureaucrats? Is it to help someone in a statistics course or for some nebulous PHD candidates' thesis? I contend that it is obvious that it is none of these. The upshot of these surveys will ultimately serve to put a gun at the head of the civil service and merit system and kill it. Data collection, as some other members of this board might contend to the contrary, is *not* the end in itself, rather it is the means toward greater regulation and the tightening of the noose of Federal control of our schools. While on one hand many of us see a need for some sort of community control and parent input, we see the slow re-centralization—not toward 110 Livingston Street, but toward Washington, D.C. I contend that a man doesn't look at a road map unless he is going somewhere—so with this survey—it bodes ill for our district, our staff and most important of all for our children. I do not intend to stand idly by and watch our school system become re-centralized by some anonymous bureaucrats in Washington, D.C. Our schools are not going to become another Post Office operation and woe to us the day when that occurs.

I fear that what might be coming is a police state with unlimited enforcement power needed to implement "proper" integration standards as required by law. It is inviting to speculate about the ultimate possibility of an enforced integrated society. The next step may be to set up quotas for neighborhoods—shades of the infamous Weinstein decision in the Mark Twain case, so that the number of poor will be proportionate to their total number in the community. New homes funded by federal loans may, under a policy of social integration, be sold on schedules predetermined by the ratio of whites and blacks, Jews and non-Jews, Protestants and Catholics, agnostics and atheists in any community. These words may sound alarmist now but I think the infamous Weinstein decision has finally drawn attention to the dangers that federal control would mean to our community. Comprehensive in nature he proposed the realignment of the housing situation in Coney Island to alter the social and racial structure of that community.

Where in the constitution of the U.S. is there any power granted to the Federal government and its judiciary at that, to engage in urban planning of this nature? It all stems, ladies and gentlemen, to the permissive stance that we have taken in the face of the ever increasing growth of federal power. First the carrot through Title I then the stick of busing. Folks, Title I is *our* money—*not theirs* and here is the hidden threat of withdrawal if we don't comply. Then last year we had the ethnic surveys of our student population and I was assured that this was only for the students, an assurance that didn't make sense to me then, and I voted for non-compliance. Yet we complied and now we come to this, an ethnic survey of our staff. We must draw the line somewhere. I predict the results of this survey *shall* lead to a massive *dictate* by the Federal government for a massive change in our staff and hiring procedures where race will overrule merit. All the work and effort put into our Personnel Procedures—worked on by local people, staff and parents would have been for naught. All the voluminous input will have gone to waste. This cannot be let to happen. Thomas Jefferson once wrote "The natural progress of things is for liberty to yield and government to gain ground." He noted that one of the most profound preferences in human nature is for satisfying one's needs and desires with the least possible exertion, for appropriating wealth produced by the labor of others, rather than producing it by one's own labor. The stronger and more centralized the government, the safer would be the guarantee of such monopolies, in other words, the stronger the government, the weaker the producer, the less consideration need be given him and the more might be taken away from him."

Indeed ladies and gentlemen we are witnessing today the slow yet steady attrition of our liberties, the right of free choice, the right to property and the right to education in our own way and desire. All around us we see the decay, morally, spiritually, and physically of life, liberty and property.

District 20 stands as an oasis in terms of the overall quality of life. What is at stake is this quality, our liberty, our property, and ultimately our lives.

TESTIMONY OF COMMANDER ESSLEY BURDINE, NATIONAL COMMANDER, AMVETS

Mr. TALMADGE. Mr. President, Georgians are proud that one of our number is the National Commander of the Amvets.

On March 13, Commander Essley Burdine appeared before the Senate Veterans Affairs Committee to present the 1975 legislative program drawn up by the Amvets. His remarks were forthright and informative and articulate.

I ask unanimous consent that his statement be printed in the RECORD.

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

STATEMENT OF ESSLEY B. BURDINE

Mr. Chairman and Members of this Committee: As the National Commander of AMVETS, it is, as it has been for each of my predecessors, an honor and a privilege to appear before you today to present AMVETS Legislative Program for 1975, and to reaffirm our continuing interest and to express our steadfast support for the initiatives and positive action programs undertaken in behalf of our Nation's veterans by this Committee and its members, and to demonstrate AMVETS continuity of dedicated interest in humane, equitable and sound veterans programs. The years have seen vitally important achievements through the establishment of this long sought for Senate Committee on Veterans Affairs and other proposed legislation translated into law by action of this Committee. AMVETS looks forward with confidence that the future will prove as worthy of pride in accomplishments as the past, in spite of the very fundamental changes in attitude and priorities in our society today which bode ill for our veterans and the hard-won benefits they now enjoy. Protection of these existing benefits may well require a change of emphasis toward safeguarding them, rather than seeking additional ones, however well deserved, or needed. AMVETS will continue to press for whatever is required to insure programs our veterans need to maintain their rightful relative position in the Nation's order of priorities and a fair and equitable share of its avail-

able social and economic resources. We are confident of the full measure of support in our endeavors by the Chairman and members of this Committee.

With me today are AMVETS past National Commander, A. Leo Anderson, the National Executive Director, Leon Sanchez, and the National Legislative Director, Judge John L. Horgan, Jr., and many of the members of the National Executive Committee and State Department Commanders, who are the leaders of our organization throughout the Nation.

VA HOSPITAL SYSTEM AND MEDICAL PROGRAMS

AMVETS believes that the Veterans Administration Hospital System faces an imminent crisis of national proportions in providing quality medical and health care to veterans. The underlying continuing causes have been worsening over the past five years. The resulting critical situation is cumulative. AMVETS would most forcefully bring to your attention the accelerating loss of skilled, experienced, qualified medical personnel and specialists in VA Hospitals from coast to coast. As serious as the present situation is, the prospect for the immediate future is even more alarming; it could involve loss of almost half of our experienced general physicians, medical service directors, and certificated-diplomate specialists. It is not substantially higher pay alone, in other institutional or private medical practice which is generating early retirement or resignation by these doctors. The withholding of funds or non-budgeting or exclusion of funds, dictated to the VA by the Office of Management and Budget, of up to $250 million in each of the past five to seven years, has resulted in marked deterioration both of qualified medical care delivery, new construction and reconstruction of hospitals, and failure to provide modern, updated medical equipment and facilities throughout the system.

A conservative tabulated comparison for the Washington, D.C. area, in institutionalized medicine is given for your consideration on the following page. Incomes from private medical practice in the area, of course, are much higher. Our dedicated VA doctors do not seek to match private practice incomes. Special bonuses have been approved by the President (P.L. 93-274) revising the special pay structure for medical officers of the Armed Forces which could result in a bonus for a period of four years service of up to $44,000 or more. AMVETS would strongly recommend to this Committee, legislation setting up a separate pay scale and system for VA physicians. AMVETS supports the purposes of H.R. 1545 embodying some of the recommendations of the VA's Chief Medical Director resulting from his study to provide improved incentive for quality medical care to veterans. We respectfully urge the Committee to initiate appropriate hearings as soon as possible. AMVETS realizes that increased incentives are needed to recruit and retain qualified medical personnel and that the objectives of H.R. 1545 represent merely a first step to a comprehensive reconsideration, overhaul, and revamping of the pay structure for an eventual separate evaluation and pay system for medical personnel throughout the Federal government. We urge the Committee to lend their full support to such studies and any needed implementing legislation.

COMPARATIVE SALARIES OF PHYSICIANS IN WASHINGTON, D.C.

	Veterans Administration	U.S. Army	U.S.P.H.S.	Washington Hospital Center	Group Health Washington, D.C.
Initial salary board certified internist and subspecialist	$31,552	[1] $32,949	[2] $37,340	$45,000	[3] $42,900
		[4] +5,900	[4] +5,900		[5] +3,500
Total		38,849	43,240		[6] 46,400
Salary after 10 yr	[8] 36,000	42,566	42–44,244	>52,000	> [7] 55,000
		[4] +5,900	[4] +5,900		[5] +3,500
Total		48,466	48–50,141		[6] >58,500
Chief of subspecialty service	[8] 36,000		44,241	48–52,000	
			[4] +5,900		
Total			50,141		
Chief of medicine	[8] 36,000			55,000	[7] 55,000
					[5] +3,500
Total					>58,500

[1] 6 yr prior service.
[2] 4 yr enlistment.
[3] Includes profit sharing.
[4] Plus $3,648 of income is tax free, PX and commissary privileges, officers' club, free health care for family, liberal retirement, etc. (approximate value: $5,900).
[5] Plus: Pretax fund, $800 yearly travel expenses for meetings, sabbatical every 7 yr, free health insurance for family, free life insurance, annual cost-of-living increase (approximate value $3,500 excluding sabbatical).
[6] $5,000 more for surgeons.
[7] Includes profit sharing.
[8] Or less.

We are presently developing independent data on a national basis and will be happy to cooperate with the Committee in every possible way toward the solution of this problem. AMVETS is aware of the several studies in this area being made jointly and severally by the Department of Health, Education, and Welfare, the Veterans Administration, Johns Hopkins University, and others. We are concerned that medical licensing practices in some physician-starved states has resulted in substantial influx at VA Hospitals of doctors trained in foreign medical schools whose ability to meet the highest qualification standards required by most states of American medical school graduates is open to serious question. We invite the Committee's attention to this facet of the overall problem.

I have been unable to identify specifically the incident, but it is apparently known to a number of people inside and outside the Veterans Administration, that during the term of the previous Administrator, Donald E. Johnson, a grant of funds to the VA of approximately $170 million was refused. I have been unable to determine whether this represents funds available from the Department of Health, Education, and Welfare or other governmental or private foundation sources. More specifically, a medical officer contract bonus program, similar to that recently signed into law by the President, was also refused by the then Administrator and Central Office Department of Medicine and Surgery officials, without consultation with or provision of any prior information or knowledge thereof, to the thousands of dedicated VA hospital physicians. I believe the Committee may desire to look into these matters as they are, if established, factors contributing to the present crisis.

AMVETS commends this Committee for the enactment of malpractice protection for the personnel of the Veterans Administration Department of Medicine and Surgery personnel. We believe on minor amendment to this law is necessary and desirable. In certain instances, VA professional medical personnel, other than those employed by the Department of Medicine and Surgery, perform medical functions, in connection with VA health service units at VA Regional Offices and elsewhere, which render them liable also for suits involving malpractice or negligence. Broadening the statutory language to cover all VA medical employees to include wording such as, "in and for the Veterans Administration", while retaining the present specific protective coverage for employees of the Department of Medicine and Surgery, would be desirable, and we recommend the Committee's appropriate action.

AMVETS believes that the strongest safeguards to insure the continued sole administration of all Veterans Benefits Programs, particularly Medical Programs, by the VA be incorporated into any eventual National Health Insurance Program. We urge this Committee to insure additional positive legislation precluding merger, take-over or phase-out of Veterans Benefits Programs, without prior review and approval by this Committee and the Congress, to insure VA's retention of administration and control, as a separate, independent agency.

AMVETS supports early separate consideration of appropriate increased travel and per diem allowances for certain eligible veterans to Veteran Administration facilities for medical treatment when such travel has been properly authorized by the VA.

1976 VA BUDGETARY CONSIDERATIONS

While AMVETS recognizes the Veterans Administration budget projection for Fiscal Year 1976 is $16.4 billion, we are concerned with the relationship between the quantitative dollar totals stated and how much of this total represents inflationary effects, and the impact upon the quality of services to veterans these inflated dollars will provide. The dollar totals are large, but the amount and kind of services they will provide will continue to diminish, most alarmingly in terms of the quality of these services. The percentage of the Nation's Gross National Product (GNP) allocated to veterans needs continues its long downward trend, significantly reduced, in terms of "real" dollars, even before the current impact of unprecedented rates of inflation and levels of unemployment. A diligent inquiry is necessary to develop more meaningful bench-marks for evaluating quality of service versus quantitative dollar totals for veterans programs. Such indicators should include offsetting economic input benefits to the national economy, such as increased tax revenues paid

by veterans as a result of their VA training education, rehabilitation and the new job placement and veterans employment programs. Industry performance improvements resulting from veterans housing loans, etc., should also be included. Veterans programs should not be viewed only in terms of out-go but also of input to the nation's economy as well.

AMVETS is particularly concerned with the impact that the reduction in personnel proposed in the 1976 Budget for the Department of Veteran Benefits of 595 positions in their average annual employment will have on the efficient accomplishments of the Department of Veteran Benefits' mission. Our concern is based on our best evaluation that the Department with its present current workload is already approximately 500 positions below needed personnel levels. The full implementation of P.L. 94–508 for veteran representatives at educational institutions will require approximately $4 million and perhaps as many as 400 plus positions to provide minimal coverage at educational institutions and will require perhaps 300,000 miles of travel. This estimate is based on applications for eligible veterans in a range of 125,000 to 130,000.

Because of the current economic situation, we believe these estimates to be conservative. The Department of Veterans Benefits workload continues to exceed normal levels and requires approximately $3 million in overtime for on-duty personnel. As experienced by other agencies, there are factors such as fatigue, work situation, satisfaction, and family matters which place an absolute limitation upon overtime performance. We believe, at all cost, the VA must be in a position to avoid recurrence of the unfortunate situation which developed last year in California with such adverse public reaction. In our opinion, an additional 500 qualified personnel are needed by the Department to effectively carry out new and additional program responsibilities. Again our best estimate is that in addition to the numbers mentioned above, P.L. 93–508 fifty percent rule will require an additional 32 positions and approximately $1.5 million. The provision of P.L. 93–569 concerned with veterans housing will require an excess of 25 positions and approximately $300,000 and the educational loan provisions of P.L. 93–508 will also require additional personnel and funding.

VETERANS HOUSING

AMVETS is fully aware of the crisis in the Nation's economy and particularly its direct and immediate impact upon the housing industry. We congratulate this Committee on the comprehensive measure enacted and effective January 1, 1975. This has made the availability of mortgage money through normal channels for veterans considerably easier to secure. We would suggest consideration of an untapped source for immediate use to stimulate this area of the economy. There exists within the present Veterans Administration full legal authority for making direct loans to veterans. This authority has never been utilized on more than a token basis and never in urban, large city areas. We are aware that the President has released funds, which should be beneficial in the housing industry and mortgage banking areas. However, we are convinced that the structuring of these sources of funds will not immediately meet the needs of veterans presently seeking and in desperate need of housing, with reasonable rates of long-term financing.

We believe further that quick expansion of this existing program of direct loans to veterans for housing is feasible and could safely use as a back-up loan guaranty fund, under proper safeguards, some portion of the immense reserve represented by trust funds supporting the Veterans Administration Insurance Program. Direct loan availability from Veterans Administration funds, would tap an entirely new source of funding and provide an immense stimulation both to the housing industry and the durable goods industry, which provides the supplies and materials for housing. Such a program should provide a non-inflationary contribution to a rapid upturn of the economy. Despite recent trends, the long-range experience of the VA Loan Guaranty Program on G.I. loan guaranty refaults, provides assurance of reasonable risk in use of insurance trust funds as a loan guaranty back-up reserve. This direct loan program should be made available and administered through every VA regional office under tight supervision and control. It should be noted that such a program could be coordinated with other agencies responsible for urban redevelopment, rehabilitation of inner city areas, all of which, for the most part, have been failing to meet goals established for them and have seemingly been unable to effectively coordinate the variety of programs which they administer.

AMVETS supports the objectives of H.R. 3312 to provide mortgage protection life insurance to certain veterans unable to acquire commercial life insurance because of service-connected disabilities. Veterans with service-connected heart conditions or other disabilities may be completely unable to obtain commercial life insurance at any price. He may be eligible for a VA home loan but cannot buy mortgage cancellation life insurance to protect his widow should he die before the loan is paid. Under such legislation the VA Administrator would be directed to set up a program with premiums established at a level which would be self-sustaining.

EDUCATIONAL BENEFITS

AMVETS commends the Congress for extending the educational eligibility period from 36 to 45 months, but recommends amendment of the law to permit the veteran to pursue appropriate study programs for post graduate Masters or Doctoral degrees. In view of post Viet Nam war era, four years of college does not constitute full educational rehabilitation. During the 1960's, the Viet Nam War substantially transformed our colleges and universities into socially acceptable draft-evasion mechanisms for those who could afford to attend. As a result of this prolonged situation, for most worthwhile long-time career jobs, four-year "standard" college degrees are no longer enough to allow Veterans, with a military service time-lag and educational disadvantage to compete with the non-veteran stay-at-homes who, as a result, have superior employment qualifications now demanded by employers, to say nothing of the increased competition from women, veterans must overcome in every job or professional category.

W.W. II veterans this year will reach an average age of 57–58 years of age. Many of these veterans began their working career immediately following W.W. II discharge, in manual, semi-skilled occupations and trades. Substantial numbers were unable to take advantage of any of the G.I. Educational Benefits then available. Literally thousands are being permanently displaced by computerized and automated equipment in the jobs they perform. Because of their age and lack of advanced education and training, they face a bleak and almost impossible prospect for future employment. AMVETS believes that this Committee should sympathetically consider initiating legislation which would permit, on a one-time basis, such veterans who have never used their G.I. Educational Benefits, as an appropriate period of up to 12 months eligibility for VA approved re-training and education in skills presently required by business and industry.

Korean War Veterans, likewise, who were unable to take advantage of any of the G.I. Educational Benefits available to them, have reached an average age and family status in which they have children reaching college age. AMVETS would again recommend, as we did recommend in the past, unsuccessfully, for W.W. II Veterans, the consideration for some form of federal net tax credit on their annual tax return, which would make available funds for their use to defray some of the rising costs of college education of their children. Various net tax credits for other groups have been suggested. We believe this Korean net tax credit could be included in any eventual plans developed for Internal Revenue Services implementation.

VETERANS EMPLOYMENT

AMVETS recognizes with sincere gratitude, the special attention given by the Committee, and legislation enacted by Congress through its efforts, to assist veterans seeking job training and employment, particularly Viet Nam era veterans, in the Readjustment Acts of 1972 and 1974. We are convinced it will be necessary for this Committee and the Congress to direct continuing attention and monitoring to insure effective early implementation of these highly promising programs.

In this connection, however, it should be noted that under the President's Amnesty Program, included among those entitled to preferred referral by State Employment Offices, are military deserters returned under the Amnesty Program. AMVETS opposes inclusion of such deserters and believes entitlement should be limited to those veterans who served honorably and who hold an honorable or other than dishonorable discharge from their military service.

Further, if the various employment assistance programs are to achieve their goal, we would respectfully request the Committee and each of the individual members, to exert every effort to persuade the President to launch an all-out public information campaign by the White House and all governmental agencies, focused on the severe unemployment situation of veterans in our troubled economy and that such a program be given support comparable and equal to that the President gave to the Amnesty Program.

To further stimulate the national economy by increasing cash, which would be immediately spent for food, shelter, and clothing, AMVETS respectfully suggests the feasibility of legislation which would authorize the Veterans Administration to make prepayment of service-connected compensation payments on a quarterly basis, to such service-connected veterans presently on the VA compensation rolls, who are in receipt of compensation for disabilities of 10 and 20 percent. We are informed that such quarterly prepayments would require enabling legislation. We believe that such a procedure would involve substantial administrative savings to the VA and would follow the present practice in effect in many states with respect to State's Workmen's Compensation payments. There is a precedent for prepayments in the VA's temporary prepayment of annual dividends for National Service Life Insurance. That prepayment program was adopted to provide a rapid infusion of cash into the national economy during prior economic recession. In view of the desire of the President and Congress at this time to increase the national cash flow, such legislation would be desirable and effective at this time.

Similarly, AMVETS believes it is imperative that early action be taken to impose effective curbs on illegal aliens, now estimated from 8 to 11 million, who are presently in the U.S., compounding our increasingly serious economic difficulties, and problems, by holding an estimated 3 million jobs badly needed by American citizens; by not paying their share of taxes; by diverting cash out of the country; and by straining already overtaxed welfare and social resources.

AMVETS strongly supports the legislation introduced three times by Congressman Peter Rodino, and twice approved by the House of

Representatives, and measures supported jointly by the U.S. Department of Labor and the Acting U.S. Attorney General, prior to the appointment of Attorney General Levi, which would make it unlawful for employers to hire illegal aliens, and the requirement that every person seeking a job, regardless of his birthplace, national origin or citizenship, be required to sign an affidavit that he is a U.S. citizen or a legal permanent alien resident.

We believe such a requirement to be necessary and essential as considerable publicity highlights the difficulties of the Immigration & Naturalization Service and its understaffed Border Patrol to provide any effective bar to the entry of such illegal aliens. AMVETS believes such a measure would contribute substantially to an accelerated economic recovery of the Nation, and be of direct benefit to Viet Nam era veterans among whom unemployment levels are at least double the 8.2 percent of the general population. Only legal responsibility placed on employers has any chance of effective restraint or limitation of this tidal wave of illegal aliens, into the Nation's labor market.

AMVETS opposes the President's proposal to limit Cost of Living Increases for government employees to five percent and to impose a freeze on further civilian and military retiree Cost of Living raises through mid-1976. To limit such measures to government workers and civilian and military retirees constitutes a most unfair and discriminatory action, particularly in the face of adamant refusal to limit private sector business or labor by any similar constraints. Projections of overall future costs of $157 billion without such limitation on governmental payees can best be summarized in the words of the great British Prime Minister Disraeli, that "there are lies, damned lies, and statistics." Particularly, since not one economic forecast of the experts, within the last five years, has been even close to actual results. AMVETS asks the distinguished members of this Committee to oppose the imposition of these discriminatory limitations, which have a direct adverse effect on all involved, a very substantial number of whom, 29 million, are veterans, and additionally their dependents and beneficiaries.

NATIONAL CEMETERY SYSTEM

AMVETS has been gratified with the establishment within the Veterans Administration of the National Cemetery System. We are concerned, however, that the momentum of this program could and should be accelerated. The problem here would appear to rest upon a question of proper funding. A number of national cemeteries have been authorized but the funds for establishing even those already authorized have not been forthcoming. The system has been in operation long enough at this time to develop national guidelines and policies and to provide immediate and long-range plans to insure the full establishment of the system. In this connection, AMVETS strongly recommends and will support legislation comparable to that which presently authorized and required the Veterans Administration to maintain at least one Regional Office in each of the 50 States. Similarly, AMVETS believes there should be authorization and requirement for the establishment of at least one National Cemetery in each of the 50 States. This should not be in derogation of encouraging individual state programs.

AMVETS commends the Veterans Administration's performance in assuming administration of approximately 103 established Army and VA cemeteries, and its plans for activating four new cemeteries in 1976, and additional ones in 1977 now in the site location and planning stages. We note, however, that at least two years will probably pass before the first veteran interment in these new cemeteries. We earnestly recommend the continuing interest of the Committee in monitoring progress in this V.A. program and support for its essential and adequate funding.

VETERANS DAY, NOVEMBER 11

AMVETS wishes to thank the members of this Committee who have supported action by Congress restoring the observance of Veterans Day to its traditional date of November 11. All but six of the individual States have taken such action. The reasons are many and I am sure well known to the members of this Committee.

VETERANS PREFERENCE AND BENEFITS

The war-earned special status of veterans in our society and the benefits a grateful people and Congress have provided over the last fifty years, have been maintained and developed in large measure only by constant Congressional diligence, humane consideration and supervision. Measures adversely affecting this special status aimed at eventual abolishment, are today being initiated from every point of the compass. Many such measures originate outside the traditional jurisdictional boundaries of the Veterans Affairs Committees of the Congress. Of first concern to AMVETS and all veterans are a variety of measures designed to reduce or completely eliminate Veterans Preference in hiring, promotion, and retention in the career Federal Civil Service. AMVETS implores this Committee, and each of its members in his or her capacity on any of the committees on which he or she serves, to exert every effort to stop this continuing erosion and to safeguard the special status of veterans in their merit, career, Civil Service employment.

While not directly within the jurisdictional purview of this Committee, there is a matter AMVETS would call to the attention of the members for their individual consideration. P.L. 93-647, effective January 1, 1975, contained a rider, as part of the Social Services Amendments Act, which for the first time since the founding of the Republic, requires the Government of the U.S. and all its agencies, to act as a collection agency, and permits garnishment of the salaries, payments or reimbursements, made to active duty civilian and military personnel, and retirees, civilian and military, consultants, or quasi-governmental agency employees or persons receiving disability payments or reimbursements of any kind from the government. The surreptitious manner in which this rider was attached to the Law, though piously limited to "lawful alimony and child support" payments for the present, breaks a 200 year-old precedent, and will certainly be only the opening wedge which will convert the Federal government into the largest garnishee agent in the world. No wild guesstimate of the costs of performing such garnishee activities has ever been attempted by the interagency committee of officials of the Office of Management and Budget, U.S. Civil Service Commission, Health, Education and Welfare, and the Department of Defense now attempting to develop guidelines for implementation, though a figure of $18 million a year has been a first guess. Whether as implemented the language of the Law will require similar action by all state, municipal, local governments and entities partially funded with Federal funds, is not known at present.

This provision is a basic change in the doctrine of the immunity of the Federal Government, as the Sovereign. Whatever the final guidelines and implementing mechanics, the process will create the most immense, complex, burdensome and expensive payroll deduction program ever undertaken since Federal income tax withholding was instituted. In this matter, AMVETS believes immediate Congressional and individual Committee member action to repeal this ill-advised provision of P.L. 93-647 should be initiated and a thorough investigation of the origins of the rider should be made.

In similar fashion, AMVETS believes a timely reconsideration of every aspect of the VA Pension Program and its interrelation with Department of Health, Education and Welfare and Social Security Administration, and other systems must be made without delay to prevent the absorption or merger and eventual loss of a separate VA pension system for veterans and their dependents. AMVETS cannot believe that Congress is willing to allow its veterans and their dependents to subsist on a bare welfare poverty level, nor to have the administration of Veterans Pension Programs pass from the hands, responsibility, and control of the Veterans Administration to become simply another welfare program. Legislation is badly needed to prevent the loss or reduction of veteran and beneficiary pensions each time there is a change in the Social Security level of payments.

VETERANS ADMINISTRATOR, ELEVATION TO CABINET RANK

AMVETS continues to urge this Committee and its members to support, by every available means collectively and individually, the elevation of the Administrator of Veterans Administration to full Cabinet rank and status, as befits the importance of its mission, national scope, size and variety of its operations, the number of veterans and their dependents it is responsible for serving, and its vital relation to the Nation's social and economic stability and welfare.

20TH CENTURY FUND—"THOSE WHO SERVED"

The Committee is fully familiar by now with the recommendations for substantial changes in the entire Veterans Benefits System made by the 20th Century Fund Task Force. In substance, implementation of these recommendations would destroy the independent identity and benefits delivery structure administered and controlled by the Veterans Administration as we know it today. AMVETS is vigorously opposed to most, if not all, of the proposed changes, particularly those which would integrate and merge veteran programs into general health and welfare systems; transfer pension programs to the control of the Social Security Administration, and allow provision of veterans medical-care delivery to be provided outside VA administrative responsibility and control. AMVETS urges intensive independent investigation of every facet of this report by the Committee and Congress. AMVETS will cooperate in every way with the Committee to assess the destructive impact of the report, with the sincere hope that the opposition of AMVETS will receive full consideration by this Committee and Congress.

CONCLUDING REMARKS

AMVETS will have a continuing interest in other legislative measures, I have not specifically touched upon here. We are aware some of these have already been introduced, or may soon be. It is our hope the Committee will extend to these matters the sympathetic, careful scrutiny and consideration which is its hallmark. We hope also its recommendations will produce positive results in the Congressional Budget Office, in formulating a plain language "real" dollar formula and statement truly representative of the veterans actual share of our nation's "real" income and resources, and thus bring stated expenditures for veterans benefits into clear focus and proper national perspective.

May I conclude, Mr. Chairman, by expressing our appreciation for affording AMVETS this opportunity to appear before this distinguished Committee. We wish to express our sincere thanks to the Committee's outstanding staff members, for their constant kind consideration and assistance extended to our organization and its National Officers. I respectfully extend my sincere personal thanks, and that of all AMVETS whom I represent here today. Thank you.

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975—S. 7

Mr. HANSEN. Mr. President, in view of the Senate passage of the Surface Mining Control and Reclamation Act of 1975, S. 7, it seems appropriate to make several observations on the final Senate version.

Throughout the consideration of this measure in the last session and in this session of Congress it has been my desire to pass legislation which would protect our Nation's environment and still allow for recovery of the resource. My three paramount objectives have not changed: First, to require reclamation of the mined lands; second, to treat the surface owners fairly; and third, to allow our Nation to use its abundant supply of coal.

Although I am less than satisfied with the results of our efforts, I voted for the bill because I feel it accomplishes goals all of us think are important. Nevertheless, I have strong reservations about several key provisions in the bill.

One major accomplishment of the bill is that it gives the surface owner the prerogative to grant or to withhold consent to surface mine the Federal coal under his surface. Previously this right was not established. There is no doubt "surface owner consent" has become a major objective insofar as most ranchers and farmers and nearly all environmentalists in the West are concerned. It is my feeling bona fide farmers and ranchers who choose not to have their lands mined should have the right to withhold their consent. However, farmers and ranchers who choose to give their consent should be fairly compensated.

Senators will remember a royalty payment to surface owners which I proposed in the last Congress. I did this after nearly every Senator on the Interior Committee repeatedly rejected any consideration of surface owner consent.

During the last session of Congress when the conference report was passed, I expressed the hope Congress in the next session would refine the issue in a manner which would preserve the right to say no to surface mining, and at the same time fairly compensate those who choose to say yes. The compensation under the bill in its present version provides: The appraised fair market value of the surface estate and improvements plus the value of the following losses and cost which arise from the surface coal mining operations:

First. Loss of income to the surface owner during the mining and reclamation process;

Second. Cost to the surface owner for relocation or dislocation during the mining and reclamation process;

Third. Cost to the surface owner for the loss of livestock, crops, water or other improvements;

Fourth. Any other damage to the surface reasonably anticipated to be caused by the surface mining and reclamation operations; and

Fifth. Such additional reasonable amount of compensation as the Secretary may determine is equitable in light of the length of the tenure of the ownership; provided, that such additional reasonable amount of compensation may not exceed the value of the losses and costs as established pursuant to this subsection and in paragraphs (1) through (4) above, or $100 per acre, whichever is less.

It was because I believe the surface owner would not be adequately compensated under the bill, that I proposed an amendment both in committee and on the floor to amend the present restriction.

My amendment, while retaining the surface owner consent provision, would have removed the formula compensation restriction and would have allowed the surface owner to freely negotiate and to receive from a coal company whatever the company would pay in exchange for the surface owner's consent to mine. It would have also removed the penalties or lease cancellation which a coal company would incur if it exceeded the formula restriction. Mr. President, I ask unanimous consent that the amendment be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. HANSEN. Mr. President, because the compensation is inadequate to induce consent, this failure could deny access to Federal coal which would otherwise be developed. The end result may be that those surface owners who favor the development of their lands will sell their surface to energy companies in order to circumvent the strict limitations on the amount that the surface owner can receive in exchange for giving consent for mining. This could negate the worthwhile objective that we have recognized—to encourage that these lands be restored and retained for agricultural production after mining.

However, there is a strong possibility that many coal companies will not buy land without the assurance they will be able to mine. They will not have that assurance since they may be unable to acquire the coal lease at a competitive bid sale. The end result may be that surface owners will not give their consent to surface mining because of inadequate compensation and coal companies will not buy the land. Federal coal will certainly then be locked up.

Another major objection I had to the bill was the effective mining ban on alluvial valley floors in section 510(b)(5). This section contained language which required that no mining permit could be approved unless the applicant affirmatively demonstrated the proposed surface coal mining operation, if located west of the one-hundredth meridian west longitude, would not have a substantial adverse effect on farming or ranching operations being conducted on alluvial valley floors where such valley floors are significant to such operations.

Because this section is placed in the permit denial or approval section, mining is precluded without consideration as to whether reclamation is possible in these areas. Since one of the purposes of the act is to assure that surface mining operations are not conducted where reclamation as required by this act is not feasible, it can be inferred reclamation should at least be considered. Other sections; namely, the environmental protection standards section, adequately protect the hydrologic integrity and land quality. Operations must be shown to meet these standards before permits are issued. Section 508 requires a reclamation plan to be submitted with the permit application and must demonstrate that reclamation can be accomplished before a permit is issued.

This ban effectively precludes the surface owners prerogative of granting or withholding his consent on alluvial valley floors where these alluvial floors are significant to ranching operations.

Because I felt the rancher should be entitled to exercise his prerogative if the area can be reclaimed and the land and water can be protected, I introduced an amendment to delete section 510(b)(5). Debate ensued over the meaning of "alluvial valleys" which is defined in the bill, section 701(27), as "unconsolidated stream laid deposits holding streams where water availability is sufficient for subirrigation or flood irrigation agricultural activities." The U.S. Geological Survey supplied maps which showed much of the strippable coal in the Powder River Basin is located in alluvial valleys under the section 701 definition.

Senator METCALF then introduced an amendment which would ban mining on croplands and haylands in alluvial valley floors. This language was accepted by the Senate rather than the deletion of 510(b)(5). Although I feel this language is an improvement over the previous language, I would have preferred the deletion since the accepted language still prevents the surface owner from giving his consent in applicable areas and since the term "alluvial valleys" was never exactly defined.

With these major flaws in the bill I suspect we will be returning in a year or two to reexamine this bill and to see what needs to be changed in order to persuade the typical rancher in the West, who owns only the surface over Federal coal, to give his consent to surface mining the coal under his land. I suspect this may be another one of those times we must learn the hard way.

Even though in some instances I think the standards are spelled out too specifically to accommodate the needs of various States where topography and climate differ radically, this bill will insure uniform application of standards and will prevent an unfair competitive advantage, which might arise if one State's standards are much more lenient than another's. Naturally, industry would be attracted to the State with the most lenient standards. When I was Governor of Wyoming, some of the bentonite operators said they had no objection to reasonable reclamation requirements being demanded of them, provided other bentonite producers in other States were treated the same way. This bill does that. It insures that every surface mining operator will have to meet the same Federal standards that every other surface miner has to meet.

Probably the most important achievement of this legislation is that it requires proof that the land can be reclaimed before it can be mined.

Another major accomplishment is the inclusion of a mine reclamation fund which will be financed by industry through taxation of every ton mined. Part of the fund will reclaim orphan lands—lands which were surface mined in times past and now remain essentially as they were at the conclusion of the mining operation.

Another part of the fund will be used for an even more urgent problem—the filling of voids and sealing of tunnels. This remedial action will prevent subsidence, which is the shifting of the Earth that occurs, oftentimes, long after an underground mining operation has been completed and abandoned. In Rock Springs, Wyo., we know firsthand what subsidence means. So do the people in Scranton, Pa., and in other Appalachian and Midwestern areas. Subsidence causes foundations to crack, and water, sewer, and gaslines to break. The resultant gas leakage can cause explosions and death. Not only has subsidence occurred, but carbon monoxide is produced from the incomplete combustion of burning underground coal. Sooner or later the underground coal begins to burn when some coal is removed and oxygen comes in contact with the remaining underground coal. Carbon monoxide, an ever present product, seeps into houses and can cause asphyxiation. I am particularly pleased this situation can be remedied somewhat by this legislation.

Conditions are rarely identical. It is impossible to tailor a Federal law to fit specific situations precisely. Accordingly, I am pleased the so-called Hansen-Metcalf provision, as the distinguished junior Senator from Montana so graciously calls it, is included. This provision places State law in a sovereign position over Federal law if the State law exceeds in its requirements what is imposed by Federal law. States then will have an opportunity to draft legislation addressing their unique individual problems.

Despite the action by the Senate there is still further opportunity to improve this legislation. If I am a conferee, I will try to change the faulty sections in conference.

My three goals—reclamation, fair treatment for the owner of the surface, and availability of this important energy resource are still valid.

EXHIBIT 1

AMENDMENT NO. 74

SEC. 716. (a) The provisions and procedures specified in this section shall apply where coal owned by the United States, under land the surface rights to which are owned by a surface owner as defined in this section, is to be mined by methods other than underground mining techniques.

(b) Any coal deposits subject to this section shall be offered for lease pursuant to section 2(a) of the Mineral Leasing Act of 1920 (30 U.S.C. 201)(a)), except that no award shall be made by any method other than competitive bidding.

(c) Prior to placing any deposit subject to this section in the leasing tract, the Secretary shall give to any surface owner whose land is to be included in the proposed leasing tract actual written notice of his intention to place such deposits under such land in a leasing tract.

(d) The Secretary shall not issue a mining permit for any lease of such coal deposits until the lessee has the written consent of the surface owner to enter and commence surface mining operations or a document which demonstrates the acquiescence of the owner of the surface rights to the extraction of coal within the boundaries of his property by surface mining methods.

(e) In the event the lessee does not secure consent from the surface owner as prescribed in subsection (d), the lessee may rescind the lease whereupon the Secretary shall reimburse him for the value paid for the lease.

(f) For the purpose of this section the term "surface owner" means the natural person or persons or corporation, the majority stock of which is held by a person or persons who meet the requirements of this section who—

(1) hold legal or equitable title to the land surface; and

(2) have their principal place of residence on the land; or personally conduct farming or ranching operations upon a farm or ranch unit to be affected by surface mining operations; or receive directly a significant portion of their income, if any, from such farming or ranching operations.

(g) Nothing in this section shall be construed as increasing or diminishing any property rights held by the United States or by any other landowner, nor increasing or diminishing any rights or privileges acquired in accordance with the provisions of section 201(b) of title 30, United States Code.

(h) This section shall not apply to Indian lands.

S. 662—NATIONAL MASS TRANSPORTATION ASSISTANCE ACT AMENDMENTS OF 1975

Mr. TUNNEY. Mr. President, I am pleased today to join several of my colleagues as a cosponsor of S. 662, the National Mass Transportation Assistance Act Amendments of 1975. This measure will go a long way to insure the handicapped and elderly equal access to mass transit facilities and vehicles around this Nation.

Today, our public transportation systems are designed with little attention to the special needs of the handicapped. Obstacles—small things such as steps and turnstiles which the more able-bodied person passes without notice—pose impassable barriers to handicapped persons.

The handicapped possess valuable training and skills. They have both an ability and a desire to learn. Yet senseless obstacles prevent many from taking full advantage of the economic opportunities of our society. For the Nation as a whole, this is a waste of a valuable resource. For the individual, influenced by a society which holds productivity activity and personal autonomy in the highest esteem, it can mean a life of despair and self-criticism, and for the elderly, often a sense of total worthlessness.

Perhaps even more tragic, while the handicapped have the same needs as all of us for social and personal relationships, needless travel barriers cut off a handicapped person from friends and relatives, plunging him into a life of loneliness.

An Urban Mass Transportation Administration study found that an estimated 13,370,000 handicapped Americans experience difficulties in using mass transit systems. This is more than the combined populations of America's three largest cities: New York, Chicago, and Los Angeles. Of these 13,370,000 persons, an estimated 5.3 million are unable to use mass transit at all—though they would be able to use it if transit facilities were modified and improved to accommodate them. Among the 5.3 million are 1.2 million arthritics needing wheelchairs, most of the half million Americans who are victims of cerebral palsy, 66,000 paraplegics, 34,000 quadraplegics, and many of our 2 million hemiplegics.

It is unconscionable for Congress to use Federal funds to build yet more transit systems which segregate the handicapped and elderly.

We have made some progress. In 1970, Congress recognized the rights of the handicapped by enacting section 16 of the Urban Mass Transit Act which declared that it is:

National policy that elderly and handicapped persons have the same right as other persons to utilize mass transportation facilities and services.

In 1973, by passing the Federal-Aid Highway Act, Congress took a further step by requiring that mass transit projects funded with moneys from Federal-aid highway projects "shall be planned and designed so that mass transportation facilities and services can effectively be utilized by elderly and handicapped persons."

Yet, there is still no uniform provision making a similar requirement of other transportation projects funded by the Federal Government. Last year, I introduced S. 3648 which would have insured that transportation facilities built and rolling stock purchased with Federal UMTA funds would be designed and constructed to be accessible to the physically handicapped and elderly. The bill would have gradually phased in mass transit facilities and vehicles which are accessible, culminating in the requirement that when transbus becomes available on the open market, all bus transit must be fully accessible to the elderly and handicapped. Regrettably, Congress was not able to act decisively on this proposal.

This year, however, two major reaffirmations of Congress commitment to develop equal access to our mass transit facilities have already been heard. I was pleased to cosponsor Senator RANDOLPH's resolution calling for a barrier-free public transportation system, and am delighted today, to join as a cosponsor of Senator WILLIAMS' bill.

This legislation mandates immediate action. It clearly mitigates against the development of "separate but equal" systems as a substitute for making new systems for the general public accessible to the handicapped. Effective immediately, all vehicles, buildings, stations, and other structures for rapid rail systems, feeder systems, and other vehicles integrated with such systems must be accessible to the elderly and handicapped. Further, local advisory committees—of which half the members are handicapped and/or elderly persons—are to be established immediately to draw up local compliance timetables for all mass transit facilities to become equally accessible. All UMTA fund re-

quests must meet with the approval of the Secretary of Transportation that the funds will be expended on facilities or vehicles which are barrier-free.

While wholly accessible mass transit systems are still only on the horizon—awaiting the availability of Transbus and other recent innovations—this bill takes clear initial action leading to a freedom of access within the next few years. Both the handicapped and society as a whole will benefit socially, psychologically, and economically from the integration of the handicapped through provision for barrier-free transit. I urge Congress to give immediate attention to this legislation so we can be sure that all of our people will be able to enjoy the benefits of mass transportation and the world it opens for the handicapped and elderly.

THE IMPOUNDMENT PROCESS

Mr. BROOKE. Mr. President, the current issue of Effort, the publication of the Committee for Full Funding of Education Programs, carrieds an informative and comprehensive article on the impoundment process that, I believe, merits reading. I ask unanimous consent that the article, by Roy H. Millenson, until recently minority staff director of the Senate Committee on Labor and Public Welfare, and now staff director for education and library affairs of the Association of American Publishers, be printed in the RECORD.

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

IMPOUNDMENT—THE DISEASE AND THE CURE

(By Roy H. Millenson)

A new and third step has now been added to the Congressional process of giving life to Federal programs. To the traditional first steps—authorization and appropriation—has been added a third, the impoundment process. Last summer, with the enactment of the Congressional Budget and Impoundment Control Act of 1974 (PL 93-344), the Congress formalized the impoundment procedure, a process that had been previously successfully attacked in the courts as illegal. The President has now been given a means whereby under law he can avoid the expenditure of funds appropriated by the Congress and whereby the Congress, on its part, can negate the President's action.

Since this is the first year of operation under the new law and all parties are proceeding cautiously through uncharted seas, setting the precedents that will be followed for years to come, the procedure merits analysis.

Title X[1] of the new budget reform law was given the short title of "Impoundment Control Act of 1974". How does it work?

Title X provides two means by which the President may withhold expenditure of appropriated funds—rescission and deferral. Rescission is the procedure whereby the President, subject to Congressional approval, indicates that the Executive Department will not spend a particular sum for a specified program. Deferral is the procedure whereby expenditure of a stipulated amount is postponed for a stated period of time for a particular program. More, later, about rescission and deferral specifically, and about Congressional procedure with respect to them. First, a few general notes.

The President must notify Congress in any case of rescission or deferral. When a rescission or deferral is sent to the Congress by the President, in addition to being published in the Federal Register, the law requires it to be printed both as a House and Senate document. In addition, it is referred to the appropriate committee of each chamber of the Congress. While the Budget Committee[2] shares jurisdiction with the Appropriations Committee, it is the Appropriations Committee that has the ultimate responsibility for reporting the measure that will approve a rescission or override the deferral.

As a further requirement, the President is obliged to submit to the House and to the Senate by the tenth of each month a cumulative report of all deferrals and rescissions as of the first day of that month. This report is to be published in the Federal Register.

The Comptroller General[3] also receives a copy of each Presidential deferral or rescission message. He must review each of these Presidential messages and promptly inform the House and Senate of the facts surrounding the proposed deferral or rescission, including its effects, and, in the case of deferrals, whether the Presidential action is in accord with existing statutory authority. When the Comptroller General's report is submitted to the Congress, notice of that fact appears in the Congressional Record and the report becomes available to the public.

The Comptroller General has other duties. If he finds that there has been an impoundment of funds by the President and the President has not notified the Congress of this, the Comptroller General must report this fact to the House and the Senate. That report is printed in the Federal Register and the law requires it to be also printed as a House and Senate document. Also, he must inform the Congress if the President in his judgment, has mistakenly reported a rescission as a deferral, or vice versa.

Finally, the Comptroller General is empowered to bring civil suit to require that appropriations be expended when he finds that the Executive Department has improperly withheld the expenditure of such funds.

Now, let us examine specific procedures for rescission and for deferral.

Rescission. As pointed out, when the President wishes to rescind an appropriation he must send a special message to the Congress. The message must state the amount, the program to which the rescission applies, the fiscal, economic and budgetary effects of the rescission and its effect on the Federal program to which it applies, together with other pertinent information. However, this rescission is not effective until it is approved by *both* houses of the Congress within 45 days after the message is received from the President.[4] In the meantime, the President is not obliged to expend the funds. Some Senators and Representatives have indicated that they are sponsoring legislation that would clarify the law and thus oblige the President to spend the funds during the 45-day period unless Congress approves the rescission.

Deferral. The President's deferral message must state the amount, the program to which the deferral applies, the period of time of the deferral, reasons for the deferral including any legal authority, the fiscal, economic and budgetary effects of the deferral and its effect on the Federal program to which it applies, together with other pertinent information. The deferral may not go beyond the end of the fiscal year. It is in effect (i.e., the funds are not spent) until such time as *either* the House or the Senate adopts a resolution (known as an "impoundment resolution") negating it. There is no time limit imposed for this Congressional action.

Let us now turn to the procedure that must be undertaken in the Congress with respect to a rescission bill (to ratify and make effective a Presidential rescission decision) or an impoundment resolution (to overturn a Presidential deferral decision).

Congressional Procedure. As indicated, both a rescission bill and an impoundment resolution are referred to the appropriate committees in the House and the Senate. If the committee fails to act on the measure within "25 calendar days of continuous session of the Congress after its introduction," a proponent, supported by one-fifth of the members of the House or Senate, may move to discharge the committee and bring the bill to the floor, where that motion is treated as privileged business. On the motion to discharge the committee, in the House the law provides that debate is limited to one hour evenly divided between those favoring and those opposed; in the Senate, the law stipulates that there is no time limit on debate, but whatever time is utilized must be equally divided under the control of the majority and the minority leaders.

Procedures for consideration of the actual rescission bill or impoundment resolution differ slightly between the House and the Senate (NB, the floor procedure described in the preceding paragraph is only for the motion to discharge the committee; what follows is the procedure once the committee gives up the measure either by reporting it or by being discharged).

In the House, debate on a rescission bill or an impoundment resolution, which may be brought up as a highly privileged matter, is limited under the law to two hours, to be divided equally between proponents and opponents.

In the Senate, the law limits debate to ten hours with the time equally controlled by the majority and minority leaders. As in the House, amendments are not permitted to impoundment resolutions, nor may they be recommitted. Debate on amendments to rescission bills is limited to two hours, with time equally divided between the amendment's sponsor and the manager of the bill. Debate is limited to one hour, similarly equally divided, on amendments to amendments and debatable motions or appeals in connection with the bill. The law further provides that non-germane amendments are not permitted.

Since the House and the Senate may adopt differing versions of a rescission bill, in order for that measure to be effective a conference report must be agreed on by both chambers, as is the case with legislation that is to become law (since only one chamber must approve an impoundment resolution, no conference is necessary). Debate on conference reports is limited in both the House and the Senate as is debate on instructions to conferees.

An additional note. It is indicated that the practice will be for rescission bills to originate in the House. Impoundment resolutions, of course, can emanate from either chamber of the Congress.

In summary we see that to negate a rescission, the Congress must simply fail to adopt the President's recommendation. However, to overcome a deferral, positive action on the part of either chamber of the Congress is required.

[1] 31 U.S.C. 1401-07.

[2] In the Senate, it has now been established (S. Res. 45) that the appropriate authorizing committees also share jurisdiction.

[3] The General Accounting Office (GAO), which the Comptroller General heads, is an agency of the Congress and thus directly responsible to the House and the Senate rather than to the President and the Executive Department.

[4] The law stipulates "before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress."

Of course, some questions remain. Must the President expend funds if his special message on rescission or deferral is defective? Is the President obliged to expend funds if his deferral message is late? And more. But, as Kipling said in his *Jungle Book*, that is another story.

CHILD AND FAMILY SERVICES HEARINGS RESUME

Mr. MONDALE. Mr. President, on March 12, 1975, we held the third joint hearing of the Senate Subcommittee on Children and Youth, the House Select Subcommittee on Education and the Senate Subcommittee on Employment, Poverty, and Migratory Labor on the Child and Family Services Acts of 1975, S. 626 and H.R. 2966.

We were fortunate to have a highly impressive and respected group of witnesses at this hearing including a panel of representatives of women's organizations comprised of Audrey Colom, vice chairwoman of the National Women's Political Caucus; Mary Grace Plaskett, national chairperson of Task Force on Child Care of the National Organization for Women; Carol Burris, president of the Women's Lobby, Inc.; Arvonne Fraser, legislative chairperson and past president of the Women's Equity Action League; and Sandy Hill, national vice president of Federally Employed Women, Inc. In addition we heard from a panel from Minnesota composed of Mrs. Edwina Hertzberg, executive director of the Greater Minneapolis Day Care Association; Mrs. Ann Ellwood project director of the Minnesota Early Learning Design and Mrs. Tutti Sherlock, executive director of Olmstead County Council for Coordinated Child Care and a research panel with Dr. Susan Gray of Peabody College; Dr. James Gallagher, director of the Porter Graham Child Development Center and Ms. Erline Kendall of Nashville, Tenn.

Their testimony provided an eloquent and compelling case for the need of this kind of legislation.

Because of the large number of requests our subcommittees have already received for copies of these statements, I ask unanimous consent that a copy of each statement be printed in the RECORD.

I urge my colleagues and members of the public to review carefully the testimony we received.

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

STATEMENT OF AUDREY COLOM

Senator Mondale, Congressman Brademas and other members of the Committees, I am pleased to be here today to discuss the Child and Family Services legislation. My name is Audrey Colom. I am a parent of a pre-school child currently in day care and vice-chairwoman of the National Women's Political Caucus. NWPC represents over 30,000 women. We have 300 state and local caucuses across the nation. We are a multi-partisan and multi-issue group.

The prompt enactment of the Child and Family Services bill is one of two top legislative priorities for the National Women's Political Caucus for 1975. As an indication of how strongly our membership feels about the need for bills such as S. 626 and H.R. 2966 the Caucus leadership voted at its past January meeting to devote a substantial effort to helping the Child Care bills pass Congress. I offer this as evidence of how important this legislation is to one of the country's fastest growing women's organizations.

I know that previous witnesses, particularly Carmen Maymi, Director, Women's Bureau, U.S. Department of Labor and Joseph Reid, Executive Director of the Child Welfare League of America have statistically documented the role of women in the labor force and the paucity of child care facilities. I will not reiterate the figures, but they are summarized at the end of my statement for our reference today.

What do all these figures about the increasing number of women in the labor force, the female headed households and the scarcity of licensed child care facilities tell us? They all tell us the same thing: the need for federally funded child care programs exists *now*, today. Women, mothers are out of the home working. Mostly because they must make ends meet. Many are heads of families, solely responsible for supporting their children. There is no alternative for these women. Their children must be cared for. And the child care programs whether for pre-schoolers, or school aged children are inadequate because society's institutions have not adjusted to changing customs. That is what has happened with employment practices and child care patterns. I think the Child and Family Services legislation will help bridge this gap.

I would at this point, like to speak up for the small percentage of women who work out of choice, not necessity. They and their children too deserve the highest quality care available. I am pleased that the Senate bill provides some space on a sliding fee basis in child care programs for families above the standard budget. I know that these families desire for their children the rich and varied experience that the best child programs offer and they are prepared to pay for these programs.

To those people who bristle at the mention of day care and equate it with "irresponsible or neglectful parents," I would like to say that "good" (not custodial) day care is quality education. The children are learning about themselves, their playmates, their environment in a happy healthy way. They are growing and developing as a result of their experience in a day care program. Secondly, I would like to remind the opponents of this legislation that all the programs and services offered are completely voluntary. This legislation does not say that because a child care program for pre-schoolers opens in your community that you must enroll your 3 year old. Nor does it say that because an after school program for junior high students is started in your child's school that your child must attend. When a mass transit system opens in a community it does not mean that everyone must abandond his car. I think that the analogy is that simple. Those who don't desire or approve of the service, need not avail themselves. There will be enough people rushing to use it, as it is.

Now, I would like to take a couple of minutes to speak about specific provisions of the two bills, S. 626 and H.R. 2966.

FUNDING LEVELS

I am distressed that for the first year funds are authorized only for planning, training and technical assistance—ground work funds. While I don't dispute that ample planning must be done, I am surprised that no money is simultaneously available for already existing child care and family service programs—especially those suffering from diminishing foundation or local government support. I can think of several child care programs, within walking distance of this very hearing room that may close down soon because their funding is unstable. If this bill passes as drafted, I can envision a situation where well paid planners are scouring the country determining areas of greatest need while child care programs in those very areas are cutting back or closing down altogether. Children must be the primary beneficiaries of this money.

PARENT COUNCILS

I would like to commend you Senator Mondale and Congressman Brademas for recognizing the important role that parents must play on the Child and Family Service Councils. I think that concern has been expressed at previous hearings that working parents may be too busy to attend Council meetings and should therefore have a limited role in the Child and Family Service Councils. I do not believe this is true. In fact, many parents already do participate actively in planning for their children, and given the opportunity, even more would participate. As a parent, I realize that like everyone, we make mistakes and we need experts' advice, but in the end, we do know our own children better than anyone else. Parents must comprise at least one half of the membership of the Child and Family Service Councils as the bills currently provide.

In closing, I would like to thank the chairmen for holding hearings so promptly on the Child and Family Service bills. I hope that the full committees and the full Congress will act with the same awareness of the needs and expeditiously pass the bills into laws.

Some statistics on women in the labor force

1. There are 27 million children under 18 whose mothers are in the labor force.
2. There are 6 million children under 6 with mothers in the labor force.
3. Since 1960 the percent of married women with children under 6 in the labor force has risen from 18.6% to 34%.
4. 34% of the married women with children under 6 are in the labor force.
5. Two thirds of the women in the work force are single, divorced, separated or have husbands earning under $7,000.
6. In families headed by a woman the median income in 1973 was only $6,195 if the mother worked and only $3,760 if the mother didn't work.
7. It is estimated that there are only one million places in licensed day care centers and homes for the 6 million pre-school children with working mothers.
8. It is estimated that one and one half million AFDC children under 6 are in "unknown child care arrangements".

TESTIMONY OF MARY GRACE PLASKETT

I am Mary Grace Plaskett, the Child Care Task Force Coordinator for the National Organization for Women. I am delighted to be here today to speak on NOW's behalf in support of the Child and Family Services Act.

The position of the National Organization for Women regarding child care is one which we feel reaches out to the realistic needs of children, parents and employers. This position might best be illustrated point by point.

(1) That every child deserves the highest quality education and care that our society can provide from infancy through preparation for a career. This is a basic right of each child in America and should be demonstrated by national support and funding for early childhood education and development schools, in which each child is encouraged to explore her or his environment and to learn independence and the democratic process of decision making. Each child must be encouraged to develop to her or his full and individual potential, free from sex role stereotyping, racial, ethnic, cultural and economic bias.

(2) That the development of such schools will offer all parents the opportunity to support their families, to pursue their own education, careers or the development of their own individual potential without guilt or fear

that their children are not being adequately cared for.

(3) That such publicly supported early childhood education schools must be available at flexible hours to meet the needs of families.

(4) That such schools provide adequate nutritional and health services to meet the needs of the children that are enrolled.

(5) That parents of children enrolled in these schools have some decision making and control of the administration, curriculum and operation of that school.

(6) That such schools be open to all children, regardless of financial standing of parents. These schools should contain a cross section of children of poor, middle and upper incomes so that no child is 'ghettoized' because of the economic background of her/his parents.

(7) That licensing and regulatory procedures on the federal, state and local levels must be revised so they foster, rather than impede, the rapid growth of high quality child care and development programs.

(8) That government support of a coordinated network of developmental and educational early childhood schools be an immediate national priority. Funds need to be available for operation, training, technical assistance, research and demonstration, renovation and, especially, construction. Money available for construction would serve a dual purpose; while giving a boost to the economy by channeling money into the construction field, we would be providing environments specifically designed to stimulate children's imagination and curiosity, with all the safety features necessary for the well being of those children.

I do not come armed with a large number of statistics, since these statistics usually speak to the need in terms of the 'working mothers.' In my opinion such statistics do not address the more realistic and universal need in our society for adequate child care and development for *all* children, regardless of race, socio-economic background or occupation of parents. I would like to speak to the needs of the children and parents involved and ask if any of us here today, who are obviously concerned about child care, have ever asked the children how they feel? I do. I ask continually. I am employed as the executive director/school coordinator of the South Hills NOW Day Nursery School in Pittsburgh, Pennsylvania. I have seen the children enrolled in a quality educational center grow physically, mentally and emotionally. I ask them if they like school. Then I ask them why they like school. Let me share with you their responses.

Heather says, "Cause we get to paint here . . . I don't have paints at home and they're messy. No one yells that it's getting on the floor. . . ." She turns from the easel to show me her work, half of which is on the paper and the other half on her nose, shoes and floor.

Elizabeth says, "Debbie [her teacher] says I can start my second reading book on Friday." Elizabeth's major joy and challenge in the world is being able to read "all by my self, any time I want to."

Scott says, "Because Moss [one of the other children] is here and lots of other kids and lots of things to do."

These three statements form in my mind the basic reasons for support for child care: the availability of learning and developmental equipment and a staff trained in directing the children in its use and the freedom to use it, and the social companionship so necessary for children. Children enjoy being with other children. It puts a great strain on children to be expected to cope in an adult world solely with adults twenty-four hours a day. Wise parents are those who realize that they cannot be everything, everyday, all day, to their child.

I have daily opportunity to discuss with parents their needs and feelings about child care. From these parents I get a variety of reactions. The parent, who because he or she is a single parent must work outside the home to support a family, is often overwhelmed by guilt. This comes, I believe, from an historic misapprehension that a child is best emotionally provided for by one parent, the female, in a one to one relationship in the home; that, except for the conventional 2½ hour nursery school program, any child denied such treatment for the remaining 21½ hours a day is emotionally deprived and may be traumatized for life. Not wanting to emotionally cripple their children, these parents are emotionally crippling themselves, and are forced to deny themselves a career which they could find fulfilling, or necessary to avoid the welfare rolls. Some parents try to substitute the parent within the home by hiring a person, usually a female, and paying less than a living wage to provide child care. Because the salary is generally less than minimum wage, the turnover is great and the reliability is less than adequate. Unfortunately, it is very often the case that the quality of time and energy of this adult is directed elsewhere while a child is, in fact, being 'baby-sat' by a television set.

Often in two parent households parents work on different shifts, taking turns watching the children while one sleeps or while sleeping themselves. Again, the quality of care for the children suffers and the child is forced or encouraged to sit in front of a television set with a reprimand to—"Be quiet, I'm trying to get some sleep."

In extreme financial stress often the parent turns to his or her parents or relatives to provide this service and creates the problem of a generally aging parent raising a second family. Offering stimulating learning experiences for young children is a very time consuming and energy consuming task, and while most older adults enjoy being with young children for a while, a steady demand on these adults for constant attention is wearing.

There are other parents, the statistics show, who leave their pre-school children in the care of other children or completely unattended. There are too many latch key children in our country. These children, ages 4–12, carrying a house or apartment key on a string around their necks in order to 'let themselves in and take care of themselves, younger children and household duties' until a parent returns from work. If comprehensive child care and development, including before and after school care, were available to all children whose families seek it, these problems could be eliminated.

Employers have also voiced their concern for the provision of adequate child care. It is generally felt that the productivity of working parents could be substantially increased if those parents could be free from anxiety and the interruption of their schedules caused by inadequate or unreliable care.

Let me emphasize that early childhood education is a basic right of all children, regardless of their parent's financial status. We think that we must make every effort to serve the needs of all young children. They should be offered the same open policy which is given to their older brothers and sisters in our public schools. This could be achieved by the allocation of federal and state funds to establish an early childhood education program in each state. This would allow and ensure that all children receive the same quality educational and developmental program regardless of their parent's socio-economic background. This program would also provide standards for professionals and paraprofessionals and would increase the labor force.

Were a program like this implemented, the licensing of these schools would logically fall under the States' Departments of Education.

Since the Department of Education is responsible for the standards of teacher training, there could be a closer cooperation between teachers' colleges and early childhood education schools in order to equip teachers to meet the children's needs more realistically. Quality early childhood education would be achieved with the maximum number of children served in a safe, healthy environment.

THE PSYCHOLOGY OF DAY CARE

(By Susan Edmiston)

Motherhood, as recent generations have known it, is tottering. Traditional child-rearing has been strictly tête à tête: one mother totally engrossed in and at the service of one child, one child totally involved with one mother. A sacred obligation, constant and jealous, it required the all-but-perpetual attendance of the mother. An occasional respite when baby-sitter or mother-in-law cared for the child was acceptable but still guilt-inspiring; going off to work and abdicating to a mother-surrogate was inexcusable. Those women who did so were always subtly—or not so subtly—tainted; the *best* mothers didn't. The assumption was that at any and all times, mother knew best and mother *was* best. Mother and child were locked in an eternal embrace.

The embrace, alas, was often deadly. Psychologists wrote about mothers who grasped and smothered their children. Betty Friedan described the absorption of the child's personality by the mother and her attempts to live through him: "It is the child who supports life in the mother . . . and he is virtually destroyed in the process." And Philip Roth told us about Portnoy.

It has taken some time for a response to arise to the problems posed by motherhood as practiced in the nuclear family—after all, centuries of sanctity and emotion stood behind it—but now the response is here. Its expression is the middle-class movement toward day care.

Traditionally, day care has meant the care and protection of children from families afflicted with some kind of "social pathology": broken homes, families which might neglect or abuse a child, or mothers who had to work at jobs that paid so poorly they could not afford a nurse or baby-sitter.

A kind of day care for children from families that are not poor has existed: it is called nursery school. Its main function is providing recreation or education, not custodial care. It is no surprise, given the historical definition of day care, that when people like Kate Millett go on television saying that we should have universal day care, other people like David Susskind accuse her of being heartless and inhuman, a creature unnaturally rejecting her role as woman and mother. Were Kate Millett to demand full-time nursery school for every child, she would undoubtedly meet with a different reaction.

In fact, the kind of day care many people—women's liberationists, advocates of community-controlled day care, parents who have formed their own co-ops—are talking about today is much closer to what traditionally has been called nursery school than what has been called day care. They are concerned with child development and they are demanding what, in their varied visions and wisdoms, they see as the best kind of growth experience for their children.

At the same time, the feminists are as intent on freedom for women and the opportunity for "mother-development," or parent-development, as they are on child development. For everybody, the new kind of care differs from nursery school in its underlying assumptions: taken to its logical conclusion it is saying that no mother or family no matter how loving, well-educated or economically fortunate, is capable of giving its children the best kind of childrearings; even under the best conditions, the school or day care center can do a better job. "Just

as education from six up was taken out of the home, education from birth to six should be, too," says Rosalyn Baxandall, one of the founders of the pioneer Liberation Nursery on East 6th Street." Families may have been able to do it several generations ago—people lived in extended families then—but I don't think families can do it now."

Whereas nursery school is considered a supplement to a mother's care, the day care center is supposedly as influential in the child's development as the family. Day care people see the center or school not as a foreign, outside influence but ideally as an environment created by the parents themselves, acting in community. Proponents say that day care centers provide the following advantages over the individual home:

Richer environment: The child has more space, more equipment to play with, more materials to learn from, more activities to participate in.

Other children. Most day care proponents (with the notable exception of President Nixon, who favors day care as a means of reducing the welfare rolls) are committed to centers that are as racially and economically heterogeneous as the neighborhood allows. Many also believe strongly that children of varied ages should mingle with one another and not just with their immediate peer group. Often they embrace the concept, derived from the British infant schools, that children should learn as much as possible from one another rather than from adults. "Why should I teach a child how to button his clothes when he can learn that from another child?" says a teacher in one of the centers. "I'd rather spend my time teaching him how to read or play the piano." And they believe that children should begin to depend on one another and feel responsible for one another.

Relief from and for parents. Day care short-circuits the relationship of total emotional absorption. Betty Friedan describes, and dilutes the impact of any particular set of parents' neuroses on the child. The child learns to trust and relate to a variety of different adults who have a broader range of personalities and skills than do his own parents. "It was beginning to worry me that my child was completely subject to my moods and my attitudes, just in my orbit completely," says a woman who recently became involved in a day care center. "He was seeing the world only through my eyes and my feelings. It was time for a larger view."

When the day care center is parent-controlled, it breaks down the separation between the private home and the school. As the policy statement of the Committee for Community-Controlled Day Care notes, the child no longer feels that one kind of behavior is approved in school and another at home and that there is no relation between these two aspects of his life: "These centers demonstrate to the children that mothers and fathers and neighbors, people of their own background and values, play a significant role in the daily life of their school. This realization enhances both the youngster's own sense of worth and his positive feelings about the center's educational program." Although this may not be as essential for middle-class children as for those from ghetto neighborhoods, it must certainly benefit *all* children to feel that their destinies are controlled not by the Board of Education or the "city" or some other impersonal "them" but by their own families.

Day care also benefits parents: it frees a mother to work, study or simply meander. It lifts the weight, if not the responsibility, for child-rearing from the mother's shoulders and shifts some of the burden to the community. It breaks down the isolation of the nuclear family. When parents are involved in the centers, they gain a measure of real power over the world in which they live.

That's day care in theory. Here are two disparate versions in action:

The Discovery Room for Children is located on the upper fringes of Harlem and draws its enrollment from the mixed neighborhood between 155th and 181st Streets, river to river. Of 32 children between three-and-a-half and six, about half are white and half are black or Puerto Rican. Sixty per cent are at or below the poverty line, enabling the Discovery Room to receive funding from the city as a day care center. If parents are on public assistance or Medicaid they pay nothing; otherwise, they pay $1 a week for a half-day and $2 a week for a full day. Most of the children come either in the morning or the afternoon, but five stay all day. There is a waiting list of 70, but the Discovery Room hopes to be able to expand soon.

The Discovery Room is very much a school. It was started a year and a half ago by Sydney Clemens and Ann Brown, two young teachers with twelve year's experience in New York's public and private schools. The center is controlled by a board of parents. Of five paid teachers, four, including one former welfare mother, are parents of children in the school. Three are not licensed, two do not have college degrees, but the parents believe that they, and not the city, should decide who is qualified to teach their children. This is a position shared by most feminists and members of the community-controlled day care movement. Two volunteer teachers also work at the school part time.

Perhaps the strongest influence on the Discovery Room is the kind of thinking identified with the British infant schools. There is the belief that children should be given a richly furnished, planned environment which they are left free to use in any way they wish. There is a respect for the observations of thinkers like Piaget on how children actually develop—expressed, for instance, in the notion that children learn a subject like mathematics by exploring its concepts in concrete form rather than by manipulating numbers. And there is the aforementioned commitment to child-to-child teaching and therefore to the mingling of children of different ages. (Although the British infant schools are for the five-to-seven age group, the philosophy has been adapted to younger children in several New York schools). The Discovery Room also draws on the Montessori method for some of its equipment.

The Discovery Room's storefront windows are covered on the inside with a protective layer of wood painted blue. The sun beams through cutouts in the shape of birds, moon, trees and stars. The floor is covered with bright yellow flowered linoleum. A tall room has been put to maximum use with a balcony reached by a ladder. Children hoist supplies to the indoor version of a tree house in a rope-operated plastic milk box they call the elevator; they are required to use two hands climbing the ladder. The area beneath the balcony has been divided in two: one side is the doll room, a place for dramatic play and dressing up; the other, the sink room, where art supplies and paint are kept. Continuing in British-infant-school style, there is a math area equipped with rods, cubes, measures and balances for concretely exploring concepts of number, volume, length, etc., and a place for playing with colors and shapes. There is an electric piano, an autoharp, and a primary typewriter with large type.

On one wall is a chart headed *Things I Can Teach:* "Lucinda: how to clean up the table after painting. Daymon: to hold hands crossing streets, how to flip over, how to pump on the swing. David: things about dinosaurs, how to do a flipover on the bar. Alice: how to clean a paint tray, how to pick the right speed on the phonograph, how to carry scissors, how to set the timer. Cynthia: how to count up to 30, how to use the typewriter, the rules of the ladder. Khadijah: how to unbutton smocks, how to call for weather information . . ." When a child needs to know something another child can teach, he is referred to the chart (if he can't read, of course, a teacher reads it for him).

On one day recently, four children and a volunteer were playing a game with colors and shapes; three children were up on the balcony listening to a record of *In the Night Kitchen;* one girl spent half an hour or so quietly strumming to herself on the autoharp; several small boys were giddily playwrestling on some large soft mats; one child asked a teacher to show him how to write the letter *E* and several other children joined in the lesson, each making a page of *E*s; one child threw a tantrum and a teacher spent fifteen minutes consoling him; some children gathered around a teacher and stitched pieces of fabric with bright wool. Every now and then a teacher would initiate a group activity which children were free to join or ignore: one teacher played "Alice's Restaurant" on the piano and each child sang his own verse; a man visiting for the day read a story.

Despite the presence of eighteen children and eight adults (there were two volunteers and two visitors in addition to the staff), the 50-foot-square room was a pleasant bustle of activity rather than the nerve-wracking chaos so easily created by children in groups larger than two. The children all seemed occupied or absorbed in some kind of pleasurable activity.

The West Village Cooperative Day Care Center offers a contrast to the Discovery Room. To begin with, it serves a large number of children under two. Second, the mothers who run the center range from educational traditionalists to radicals further left than Summerhill. The group has not yet been able to agree on any philosophy and, consequently, the atmosphere changes from day to day, depending on whether or not the mothers in attendance are more or less concerned about organization and cleanliness.

The co-op started last year in May, when Bella Abzug donated part of her campaign headquarters as space for a group of mothers who worked or wanted to work and therefore needed day care. Mothers who worked full time and couldn't help staff the center paid $20 a week; the others worked one full day a week. Both groups gave $4 a week for supplies. Although the center is now funded by the city, checks are erratic, so the same payment plan remains in effect. One teacher, a young woman from the Bank Street School of Education, and an assistant teacher were hired. In addition, four volunteer mothers work each day.

The center, which has moved to the basement of the Washington Square Methodist Church, has about 30 children, of whom four or five are under a year old. It is open from 8:30 to 6 and even some of the babies stay all day. Its home is an immense room with a stage at one end. Cribs and playpens are lined up in one area; here is climbing equipment donated by some architects; plastic milk boxes have been stacked up in one area one to a child, to house personal belongings.

On a recent day, the assistant teacher had spread an immense stretched canvas with paint. A little boy and a little girl, completely nude, were sitting and sliding in the paint while carousel music played on the phonograph. Others in various stages of undress skated on the canvas or approached it more timidly, hands first. Many of the toddlers (even the smallest children are confined to their cribs only for naps) looked on in apparent fascination. At the same time, one child was riding a truck; several children played quietly with games and puzzles on the stage; another child painted at an easel; two toddlers played with a large ball; several of the older children slid through one of the architects' tunnel-like constructions; one mother nursed her child and another rocked a baby in a stroller.

Though one of the mothers admitted to being "rather appalled" by the hedonistic,

messy paint play while it was in progress, she observed later that her three-and-a-half-year-old talked about it for two days. "It was a big event for him," she said, "one he never would have experienced if he hadn't been exposed to the ideas of other mothers."

Although there were the same number of children in this room as in the far smaller Discovery Room, there seemed to be about twice as many, possibly because the larger room permits children to play much more actively—charging from one end to another—and because the toddlers don't tend to collect in groups but constantly wander independently.

These two day care centers developed in similar ways: they started independently and then were able to get city financing. Both are parent-controlled. They are not, by any means, the only kind of day care available.

Now that day care has come into fashion, extensive government funding money is expected to become available. Nixon has allotted $386 million for the first year of day care under his Family Assistance Plan, and at least three other bills calling for "comprehensive child development programs" have been introduced in Congress. (The Brademas-Dellenback bill alone calls for $700 million the first year.) Although they give priority to the lowest income groups, they also provide some financing for other families. In New York $1,385,000 has been allocated by the federal Model Cities Administration to establish 50 day care centers here by 1973.

The lure of anticipated money has already brought a host of profiteers into the day care arena. Last June a company called Knowledge Industry Publications, Inc., sponsored a conference called "Early Learning/Day Care Conference: Has Early Learning Become the Opportunity Business of the 1970s?" at the Commodore Hotel. Included in the program were workshops with such titles as "How Wall Street Will Go About Evaluating Early Learning/Day Care Companies" and "Fleecing the Pre-School Sheep: Is It Ethical? Is It a Business? Can It Be Profitable?"

Some companies have not bothered to wait for answers to these questions. The first to venture into the field are a number of franchising operations, creating visions of what Joseph Featherstone of the *New Republic* called "Kentucky Fried Children." One of the outfits already in operation is Kinder-Care Nurseries of Montgomery, Alabama, which boasts home-town boy Bart Starr as advisory committee member and physical fitness consultant. Another is American Child Centers of Nashville. Phoenix has franchisers known as Mary Moppett and Pied Piper Schools. Chicago has We Sit Better and the Institute for Contemporary Education. Franchises sell for between $18,000 and $30,000 plus 6 per cent of the gross. The fees to parents run from $20 to $30 a week. Since the cost of good day care is generally estimated at about $40 a week per child, it is hard to see how these centers, which also must bear the cost of constructing appropriate facilities, can make a profit unless they are providing below-standard services.

In New York City the cost of running day care programs is estimated at an even higher rate of $2,500 to $3,000 per year per child. Possibly it is only the prohibitive cost that has saved us from profiteering franchisers so far.

In some states industry has also tried offering day care services. The KLH Child Development Center in Cambridge has apparently been successful—at least for the corporation. KLH received grants of $112,118 in 1968–1969 and $147,782 in 1969–70 from the HEW Children's Bureau to run its center. The company foots only 18 per cent of the bill while reaping the benefits of reduced lateness, absenteeism, employee turnover and cost of recruitment.

While some mothers regard industrial day care centers as a life-saving boon and some day care proponents clamor for more such facilities, others view them with suspicion. "Too often it ties women to lousy jobs," says Roz Baxandall. "The industries that are setting them up are the ones that can't keep employees; they're bribing the women. Day care centers should be in the neighborhoods where people live. It's not a good idea to drag a child to work with you on the subway. Besides, parents ultimately don't have too much to say about day care when a big corporation is controlling it."

Ironically, New York may have little to fear from this quarter either. Executives of such institutions as the New York Telephone Company, which has considered day care as a way of alleviating its 70 per cent employee turnover, have talked themselves out of such projects so far by citing the following disadvantages: inadequate space; the difficulty of meeting regulations for protecting the children; the high cost, estimated by the Department of Social Services at $50 per week per child; a lack of real tax incentives.

What remains? In the past, the services available to middle-class parents in New York were, for the most part, private nursery schools, publicly assisted programs that aspired to economic homogeneity (often run by neighborhood houses and settlement agencies) and the parent co-ops.

Many of the parent groups met with, and are still encountering, tremendous obstacles from the city agencies involved. The Park Slope Community School in Brooklyn, a group run by middle-class parents "with good connections" who attempted to cooperate with the city in every good-citizen way, is a case in point. Last year, after being asked to leave the church where it had been operating, the group set out to find a new location. They thought of a storefront, but the Board of Health said it would never license one and, unlike the Discovery School parents, the Brooklyn parents never thought of operating without a license. Back then, that is.

Finally, the parents found a funeral home that was up for sale. A fully renovated, fully air-conditioned brownstone with three usable floors and an apartment, it was the perfect building. When the local bank was reluctant to give them the mortgage they needed, they polled their membership and found out that as a group they hold 40 mortgages and over $100,000 in savings in the one bank. After they threatened to close out all the savings accounts, the bank came through with the mortgage.

Last September the school opened at its new site with 96 children. Their first visitors were the Buildings Department and the Fire Department. The main problem, it seemed, was a certificate of occupancy. The group didn't have one and "the stipulations for getting one were fantastic," says Ruth Allen, one of the founding parents. A short time later two fire trucks, two deputy cars and dozens of firemen roared up one day at lunchtime. "They said, 'Here is your order to vacate forthwith,'" recalls Mrs. Allen. "'You have ten minutes to vacate.' We called our attorney and he said 'Don't move, negotiate with them for an eight-hour stay.' He found out that there was no penalty for violating an order to vacate. We called up all the parents and said, 'We're staying on in violation.' At about the same time a group in Bed-Stuy was ordered to vacate. They did and have been locked out of their building ever since.

"We have appeared in court eight times. The Fire Department says the doors have to open out; the Building Department says the doors have to open in. We are supposed to get a fire alarm system and we discovered that there is only one organization in the city whose systems are approved. It costs $3,000 to have the system installed and $30 a month rent from then on. You never own it. We negotiated with the Fire Department not to use the third floor until we put in fire stairs. They will not give us specifications for the kind of fire stairs we are required to have."

Park Slope never wanted to be "just a middle-class nursery in a brownstone" and therefore started the school with ten students (out of 34) on scholarship. After buying the new building, the school found it could no longer afford the scholarships. (The school charges $550 a year for a half-day and $950 for a full day.) After hearing that a new day care center was to be built in the area, the parents wrote to the Division of Day Care proposing that the school's children be integrated into the day care facility or that the two facilities be maintained but with a 50–50 mix. "We felt that the worst thing that could happen to Park Slope would be to have middle-class children going to a nursery school on Seventh Avenue and poor children from the same neighborhood going to a day care center between Fifth and Sixth Avenues," says Ruth Allen. The parents waited two months for an answer to their letter. In the meantime they heard about the Committee for Community-Controlled Day Care and decided to join it.

If these were the problems of middle-class parents "with good connections" in dealing with the city, those of poor people were unimaginably worse. Day care administration in the city has long existed in a state of total confusion because of the multiplicity of agencies involved in it. For any day care center to operate it had to be inspected and approved by at least five different agencies: the Department of Health Day Care Division, the Department of Health Sanitation Division, the Buildings Department, the Fire Department and the Department of Social Services, all of which would show up at different times. Even when a group was operating in a facility that highly cautious parents like those in Park Slope were convinced was safe for their children, the various agencies were more than likely to disagree.

The Committee for Community-Controlled Day Care held its first demonstration in the office of Jule Sugarman, Human Rights Administrator, on November. Although the city had allocated funds for day care and the city is reimbursed for 75 per cent of the cost by the federal government and 12.5 per cent by the state, none of the ghetto groups which had formed the committee had been funded. The demonstration resulted in seven groups being funded, among them the Discovery Room, which alone brought 57 parents, teachers and children to the demonstration. It also resulted in two policy decisions of more general and continuing importance: the decision to institute team inspection and interim funding. Inspections by all the various agencies were to be coordinated on one day and centers were to be given funding to enable them to meet the various requirements (some of which would be temporarily waived) so that they could qualify for licensing and continuing funding. Finally, the demonstrations also established communication between the city and the committee.

About a month later, the group held a second demonstration. "It was a follow-through to let them know we were not talking about eight groups or nine groups but that we were talking about New York City being able to establish day care centers to fill the great need that is there," says Esther Smith, chairman of the committee. The second time around, additional groups, including the West Village Co-op, were funded. Eight parents from Park Slope Community School, who had learned that the city had something on the books called "purchase of services" which would enable them to re-

ceive city money for any low-income children they took into their school, were among those present at that demonstration. The city was unprepared for Park Slope's unprecedented requests, but the group, in its newfound militancy, refused to leave—and the rest of the committee supported it—until they had a letter promising them funding and a meeting with the Department of Social Services' fiscal officer. Then after the demonstration, the Park Slope group cleaned up the mess the sit-in had created in Sugarman's office. Unfortunately, the city hasn't been similarly considerate; Park Slope has not yet been funded.

The day care movement is in its infancy, and the work done by the Committee for Community Control and many women's liberation groups represents the first staggering steps toward a new kind of child care which seems to be developing in the direction of economically and racially heterogeneous groups controlled by parents and assisted by public funding.

The movement has far to go: day care proponents would eventually like to see centers on every corner and the proliferation of various kinds of day care: 24-hour day care, weekend day care, vacation programs, after-school programs, and infant day care. So far, only isolated models of these variations exist. The women's liberation movement is additionally concerned with combating sexism and role indoctrination in its centers and involving men in child care. Shifting the burden from the individual mother to a group of mothers is not as good as having men share the responsibility.

From whatever quarter and point of view, the same message seems to be coming through: people no longer want to raise their children alone, in the isolation of the nuclear family. If the thinking of the flourishing psychotherapeutic profession has any validity at all, one conclusion is inescapable: our parents messed us up. Thoughtful people are now saying they don't want to be on the other end of the destruction. For many parents and children, the new notion of day care promises a solution.

STATEMENT OF CAROL BURRIS

Chairman Brademas and Chairman Mondale, members of the subcommittees, I am Carol Burris, President of Women's Lobby, Inc. The Lobby is a national organization with affiliates in forty states. We work solely on legislation pertaining to women. It is a privilege to appear before you today.

We are here today on behalf of all the millions of women who can't find suitable child care. We feel that all women are entitled to sound, flexible programs available to them and their children. Economic necessity is a fact of life for all women, but those women in better circumstances financially are no better off than their poor sisters because no amount of money can buy what does not exist. And really good day care—because all around child care is in the future—is so scarce that the pressure on three and four year olds is greater than on Harvard freshmen because Harvard has many more than the fifteen to fifty spaces.

Perhaps we should talk about the need: Between 1969 and 1972, the number of households headed by women increased by 60%! There is a 14% increase in the number of women working who have children under the age of six—in just the last three years. 54% of all women workers have children between the ages of 6 and 16. Two thirds of the women in the work force are single, separated, divorced, widowed, or have husbands who earn less than $7,000 a year.

If you're a child in a female headed household, your mother only earns 48% of the median income of families with two parents and her income declined between 1969 and 1972. 70% of all black families and 60% of all white families that receive food stamps are headed by women.

11% of all families, but
42% of all poverty level families . . .
34% of all black familes, but
65% of all poor black families . . .
24% of all Puerto Rican families, but
48% of all poor Puerto Rican families . . .
9.5% of all Chicano families, but
64% of all poor Chicano families are headed by women.

In San Antonio, Texas, a study at Our Lady of the Lake College showed that 50% of all the Spanish speaking children died before their first birthday. The EPSDT program for Medicaid eligible children should provide innoculations and screening. Congressman Metcalfe (D. Ill.) discovered from a G.A.O. study that less than 3% of the ten million eligible children have been served.

Our infant and maternal mortality rates are a disgrace. The only decline in recent years have been with an increase in abortion rates for teenage mothers and older women. Yet the staunchest opponents of legalized abortion have not supported this legislation nor have they supported the Mondale bill to end child abuse. There is something truly evil about this kind of contrast. Are we only willing to feed and care for children before birth?

Let me add some information about the 9.7% of women who are unemployed. Certainly they need and deserve the attention of this Congress. But I refuse to believe that 100 men in the Senate and 417 men in the House cannot cope with more than one national problem at a time. It is demeaning to all women to hear the shrewd analysis that claims that this bill can go nowhere because we want those women to stay on welfare and not get jobs because there now are no jobs. If we had no more commitment to child care than to force women into the work force, we certainly cannot cope with this problem.

We want to commend both of you for your farsightedness and tenacity in working on this problem for the last five years. It is a real pleasure to see the sex discrimination amendments in the bill. Although the ratio of spaces is highly tilted toward services to the poor, if the income figures from your social services legislation is used, you will cover almost all the women in the work force.

The funding levels in the bill seem very low. When the appropriations process is finished, the average authorization is cut by 40%. Because of resistance to new programs, this bill might be cut more severely. Tactically, I would like to urge a larger authorization because I am sure that everyone sacrifies for their children. A tax sacrifice that you can use, especially for your children, is not irksome. But a tax sacrifice that you don't see or use is a burden when you have the same problem in lack of care.

If the five years we have all waited for child care, HEW has shown itself no more ready to move or be prepared. They announce that they cannot do their job and are smug. No women would do that without facing unemployment. It is time to move without them. Thank you.

TESTIMONY OF ARVONNE S. FRASER

Mr. Chairman, I appreciate the opportunity to testify before the committee in support of this excellent Child and Family Services bill. The need for expanded day care facilities is well documented and well known. Our organization, WEAL, is pleased to join with the other women's organizations here this morning testifying in favor of good day care for children. (WEAL's main concern is with education as well as the legal and economic rights of women.

As background, I would like to refer to the book *Children and Decent People* edited by Alvin L. Schorr. The last selection in the book, by Schoor himself, is a chapter entitled "Poor Care for Poor Children—What Way Out?" He describes the current situation:

"Organized programs for children turn out, when examined to be programs for the poor, for blacks, and for the otherwise disadvantaged. . . .

"Most day care is custodial in nature, despite all the talk about quality. . . .

"The marginally poor, if they use day care, pay for it in proprietary centers. Children of the middle classes use none of these systems. Almost all use some form of care, but they rely on unpaid or paid help in or near the home. . . .

". . . a system that is limited to poor children can deal with some unspecified portion of the need without greatly troubling the nation. That may be its function. If the welfare of all of our children or of the children of influential parents were at stake, provision would respond more sensitively to need."

Schorr's thesis is that we all have a responsibility to the children of this nation and the more universal the system we devise, the better the service to children.

I want to say that I am no stranger to day care. I've done it at home for nothing for years—and I look on it as work. Half of our children—my husband's and mine—attended some form of public day care part time. The first two were in a cooperative nursery school in what was called a settlement house in Minneapolis, Minnesota in the 1950's. Our last child integrated a church basement day care center in Southwest Washington for two years before she went to kindergarten. Society thinks that middle class children get day care free—from their mothers who work for love, not money. The only problem is that not every family can finance that kind of day care. Also, fewer women are willing to contribute that kind of day care to society because society will not give it any significant reward.

WEAL believes that day care is a children's problem and not solely a woman's problem. Therefore, we are concerned with the other elements in this bill as well as simple day care.

The first five years of children's lives are most critical. During this time their brains gain 90% of their weight and they learn a sense of self-respect, self-motivation, and how to relate to others. Studies have shown that how well children do in school depends largely on their early environment. With 5.9 million children under the age of 6 having mothers working outside the home, society can no longer neglect this critical period in child development. We can no longer disregard the need for government action in this area.

We must be concerned about nutrition. Children who are inadequately fed cannot learn effectively. WEAL is pleased that this bill, like the Head Start program and the school lunch program, does contain provisions to insure that children attending day care centers would be fed adequately.

We are pleased also that the bill provides for regular medical testing and preventive health care. We must spot early signs of learning disabilities, physical handicaps, emotional problems and all other difficulties that often become apparent only when a child is watched, supervised, and checked. Poor coordination, hyperactivity, speech defects, listlessness, slowness to learn or react—all these are relative aspects of behavior that become only apparent under careful observation. Day care personnel must be trained to watch for any handicap or defects and must know when to call in other trained help and whom to call.

The bill also provides for dental care for

children. This is important since many young children never receive dental care at all. Their families may neglect dental care because of lack of time or because of the belief that "baby teeth" will fall out anyway and are therefore unimportant. This misconception causes many problems for children later, affecting their dental health, their eating habits and their looks.

Other provisions of the bill, ranging from education to social services, are important. And we are pleased that family day care is included in this bill. The intimacy of family day care in many situations is preferable, especially for infants. And, we do not think that this is profit-making day care. It is performance of a vital social service.

The needs I have outlined are not confined to pre-schoolers. Unfortunately, our schools seem to think all children have mothers at home. No one worries about kids after school, during school vacations or summer holidays. Some children need places to go before school if their parents go to work early. Some need places for recreation or study after school or during vacations. Sometimes weekend supervision is needed.

More and more parents are working outside the home. More neighborhoods are left without many adults and therefore no baby sitting. We need more facilities, and a variety of facilities for child care. We don't want big institutions that are mere dumping grounds or parking lots for kids. We want facilities with strong health, social service, recreational and educational programs over which parents can have some kind of control. And we don't want children priced out of good care.

Child care is usually viewed as a "women's issue" and, indeed, it is a central factor in the liberation of any working mother—whether she works inside or outside the home. However, we testify for this bill not only because we are looking for liberation but also because we care about children—all children.

Let us prove Professor Schorr wrong in the future. Let's not judge the care we give children by the financial circumstances of their parents. Let's give all kids the kind of care they need and the kind of care we would want for every child. And let's do it soon.

Thank you.

TESTIMONY PREPARED BY FEDERALLY EMPLOYED WOMEN, INC.

As a representative of Federally Employed Women, Inc., known more generally by its acronym, FEW, I am going to express the need for more and better child care for employees in the Federal sector.

Current surveys by unions, women's programs and federal agencies indicate available child care arrangements are not easily accessible or affordable. Inadequate child care results in either time away from the office or distraction at work. Also to be considered are the large numbers of highly skilled women whose services are not available to the government because of inadequate or unavailable child care. These factors should make child care a matter of major concern to the federal government as an employer.

The Civil Service Commission, in Federal Personnel Management Bulletin No. 713–22, suggests that equal opportunity plans show "sensitivity to accommodate to special needs of women employees and applicants, e.g., day care center's part-time employment." This policy is similar to official federal guidelines affecting private sector employees. In Chapter 41, Code of Federal Regulations, 60–2.25(h), Revised Order No. 4, the federal contractor is guided "to encourage child care . . . appropriately designed to improve employment opportunities for minorities and women." While there are some indirect things federal managers can do to cooperate with employees and employee organizations regarding day care, OMB's position effectively bars them from providing line item budgetary support to child care programs. The current federal policy also means that employee organizations and unions with an interest in child care services cannot enter into any meaningful discussion with management in regard to child care as an employee benefit. In other words the Executive Branch cannot follow through on what it encourages in the private sector. Who can wonder when a private employer asks 'Does the federal government really mean what it says?'

OMB contends "it would be inequitable to consider child care as a fringe benefit" and "taxpayers should not be asked to subsidize such generous special benefits for a few privileged Federal employees." However, other benefits are provided in federal facilities which are not wholly equitable. These include, for example, parking facilities and credit unions located in or on federal space. Federal credit unions pay for operating costs to maintain space and services in federal facilities, but do not pay rent per se. Parking is, in effect, a subsidy to selected employees. Access to free or below commercial rate parking is openly inequitable in its availability. Special facilities are also granted to handcapped workers and top level administrators to meet their special needs.

Moreover we now accept the concept of employer-employee partnerships for retirement, health benefits and similar programs. While employer involvement in child care as a fringe benefit may be a new idea, it appears to be a similarly reasonable one.

Federal participation in child care will cost money. However, it is necessary to assume that if the government takes a step forward, it will immediately undertake full subsidization, or that it may sponsor only blue ribbon programs. It has not done so in the case of either retirement or health benefits. Both are costly programs and both are related to exigencies which most, but not all, people face in a lifetime. The need for child care services is in a similar category.

While it is most desirable that OMB relax its position toward federally sponsored child care programs in order to serve federal employee needs, it is also important that the federal government consider its role as a model employer for business and industry. This is especially so since it encourages private industry to develop supportive programs to meet equal opportunity and child development goals. With private industry beginning to move ahead in the area of day care as an employee benefit, it would be unfortunate if the federal government, in its employer role, were to bring up the rear rather than to participate with industry in this new venture.

The availability of training is another area in which the federal government discriminates against the parent with child care responsibilities. Several training sites for mid-level training, for example, do not provide child care or do not permit child care on their facilities. One working mother, who was selected for training at Airlie House near Warrenton, Virginia, offered to bring a babysitter and pay for rooming arrangements for the children and the babysitter. She was told she could not do so! FEW believes many other highly skilled women and men are kept in positions below their skills and abilities due to inadequate or unavailable child care.

Many persons working for the federal government are burdened by the sole support of one or more children. Most parents paying child support default within one year. A recent Wisconsin study found there was full compliance in only 38 per cent of the cases after one year; partial compliance in 20 per cent and no compliance in 42 per cent. Only 19 per cent of non-paying parents had any legal action taken against them. FEW has no reason to assume federal employee's experience in pursuing defaulting spouses with regard to child support will differ from their Wisconsin sisters.

Until January 1 of this year it was impossible to attach a government employee's salary for any reason. With the passage of Public Law 93–647, government or military wages or social security benefits can be attached for child support. Thus before January 1, persons married to federal employees who defaulted on child support payments had no legal recourse.

Most parents cannot pursue any legal method of obtaining funds from a defaulting spouse due to the high costs of legal fees. For example, a full-time female federal employee who was earning over $18,000 a year was told by a lawyer her case would not be accepted unless a lien was placed against her house or the total legal fees prepaid. This is not an uncommon practice. Imagine the fate of other federally employed women —nearly three quarters of whom occupy positions in "general schedule" grades 1–6.

Moreover most states require that child support payments be totally unprovided for several months before the courts will intervene. Thus if child support checks come sporadically or if checks in nominal amounts such as $10.00 are cashed by the parent with the children; good intent is deemed present on the part of the defaulting parent.

If the concept of child care as a valid area of employer involvement were accepted, there are a variety of options open for program implementation. If granted authority to use salary and expense funds and discretion as to their use, a federal manager could work with employees and employee organizations to survey needs and to develop programs that best meet the needs in a particular agency and geographic area. If an agency decides, with its employees, that there is a need to establish a child care program, the program can be designed to meet actual needs, giving consideration to budgetary constraints and to parents' ability to pay.

In places where several federal agencies are located near each other, interagency cooperation may be established to locate space, provide seed money and partially support a continuing program for pre-school children. There might be some after-school and vacation programs established to meet needs of parents with school-aged children. Rather than centers serving only federal employees' children, there might be cooperation with community centers through purchase of service or employer consortium arrangements. Another option is the voucher system which permits parental choice of arrangements best meeting individual requirements. A further concept, tried by the Illinois Bell Company, is a referral service to day care services in the employee's neighborhood where the employer recruits and pays to train residents who provide care in their homes.

To be realistic, fear of excessive costs is probably the major hindrance to development of child care programs as an employee benefit. Arguments about inequity, other priorities, or who should have the responsibility are probably secondary. Currently, cost seems to be evaluated almost exclusively from the standpoint of dollar outflow, rather than as an investment which offers the possibility of greater employee contribution to the employer and less drain on the social and economic systems elsewhere. We need to know more about costs to the society when injury, illness, and family dependency result because parents have inadequate access to acceptable child care arrangements. Under current arrangements, a price is probably

being paid in terms of energy of working parents and social damage to children and families which we know little about. Faced with the increasing reality of mothers in the work force, we can not hide behind the assumption that total responsibility for child care rests with the parent. Society has a self-interest in adequate child cares services, just as it has an acceptable self-interest in education. It is necessary that OMB, in cooperation with federal executives in their employer role, re-examine the position on this issue. Costs must be evaluated, not just in terms of dollars, but form the standpoint of a human investment with a concomitant return.

FEW recommends Congress pass legislation authorizing and appropriating funds which would be available for child care for both federal and private sector employees.

STATEMENT OF EDWINA L. HERTZBERG

Mr. Chairmen, honorable members of the committees: My name is Edwina L. Hertzberg. I am Executive Director of Greater Minneapolis Day Care Association, a private, non-profit coordinating agency for day care services in Hennepin County, Minnesota.

THE COORDINATED APPROACH TO SERVICES

For more than four years, Greater Minneapolis Day Care Association has worked with parents and others in Hennepin County to plan, develop and coordinate comprehensive day care services in our community. Agencies and institutions have been encouraged to share resources—health, nutrition, training—to provide quality, comprehensive programs for children. Volunteer hours have been countless. We are fortunate to live in a community of enlightened organizations willing to extend their resources to the maximum in the interests of children and families. The experiences of the Greater Minneapolis Day Care Association and other, similar coordinating groups have demonstrated the effectiveness of the coordinated approach.

Further, Greater Minneapolis Day Care Association, with the support of other organizations dedicated to children, has successfully encouraged local governmental bodies to increase their financial commitment to children's services. Through the Minnesota Childrens Lobby, we have encouraged our State legislature to increase its share for children.

But this cooperation, these efforts have barely scratched needs for primarily the most economically deprived families in our community. There simply are not enough resources available on the local level to provide the services needed by the families and children of our community. Further, at the present time, every agency and institution with whom we work to provide comprehensive services is under tremendous economic pressure, and at a time when pressures on families are increasing, the same pressures of inflation and recession may force service cut backs. Ladies and gentlemen, federal leadership and commitment, in partnership with the local level, is essential if the needs of children and families in Hennepin County are to be met.

A PROFILE OF HENNEPIN COUNTY

Hennepin County has a population of approximately one million people, about one quarter of Minnesota's population, half of which is within the city limits of Minneapolis. The twin cities of Minneapolis and St. Paul form the largest population base in the state. And although Hennepin County contains some rural areas, its concerns are those of any urban complex. Two thirds of Minnesota's children living below the poverty line are in the Twin City area. More than 60% of these families are headed by women.

Minnesota's statistics reflect the national. One out of three mothers with children under six works outside the home. Their 130,907 children are served by 19,056 licensed slots of full day care—14.5% of the need. The scene is repeated in Hennepin County: 32,143 children under six whose mothers or single male heads of household work, six thousand slots of licensed care available in day care centers and family day care homes. The remaining children are somewhere, in unlicensed care. Minnesota, too, suffers the woes of a mobile society—the extended family is a thing of the past. We estimate that 7% of our children care for themselves. Another 6,351 children are in half-day nursery school programs including 225 enrolled in Head Start programs in Hennepin County.

Department of Labor statistics indicate that as the birth rate drops, the demand for child care is increasing. The growing divorce rate also contributes to the rising demand for service.

Comprehensive health, dental, nutrition services are available only to the approximately 1,400 children served in programs funded through Title IV A in Hennepin County.

This really is barely scratching the surface. And because Minnesota has reached its ceiling in social service funds, despite lengthening waiting lists, there are no additional funds to expand these services. Title XX's reasonable eligibility levels will have no effect without additional funding.

NEEDS OF THE NEAR POOR

For families just above the poverty line—the near poor—services are simply not available. Too "rich" to receive free services, too poor to afford quality services, they really are trapped for they have no choices—too poor to stay home, too poor to afford child care. Consider the effect of this trap on their children. Let me share with you a discussion I had with an irate, incredulous parent last week. She had received a needed salary increase and had elevated herself out of her child's day care program. She was no longer eligible for free care, there was no sliding fee scale. And she could not afford the $25 per week fee. She was frustrated, angry, in tears, reward had become punishment. Consider the effect on her child.

NEEDS CUT ACROSS SOCIO-ECONOMIC LINES

But the developmental needs of children and families are diverse, crossing socio-economic lines. We all recognize the importance of the early years—that are equally important for all children. We recognize that the family is the primary nurturing factor in the development of a child—again, for all children. What we do in concert with families to support and encourage the strength of the family system will, I believe, make a difference in how our children develop in the future.

And what are we doing? Aside from medicaid and private physician care, there is no system of regular health check-ups and screening. There is no estimate of the number of children who enter school with undetected, untreated disabilities handicapping learning. How much better it would be to detect early; better still, to prevent.

Sixteen percent of Greater Minneapolis Day Care Association's calls per week from parents seeking care are for infant care. There are 140 slots of infant toddler center care in Hennepin County—4% of existing services.

We know that 53% of the mothers of school aged children work. In Hennepin County, that's 54,560 women. There are 200 slots of after school care.

Twenty-four hour care is virtually nonexistent in our community. We surmise that the children of single parents working a swing shift are home alone. Intact families often work split shifts to accommodate child care needs; effective in the short run but not conducive to strengthening parental relationships.

Parent cooperatives in which parents not only make policy for the program, but often staff it as well, are exciting and viable models but not always a choice for employed parents.

"Drop in" care is available on a limited basis in some family day care homes and centers. It is not well recognized for its important use and potential—that of providing a change in environment for parent and child which refreshes and renews. This, as well as other models should rightfully be considered as important ingredients in child abuse prevention. At the present time, drop in care is available on a fee basis only.

Sick care, successfully demonstrated, and much in demand is presently non-existent. It has fallen victim to lack of funds. And so, employed parents often have no alternative but to lose a day's pay or send the child off to center or family day care mother, sick.

In federally funded programs 11% are classified as "special needs" children—referred for social, psychological or medical reasons. Again, scratching the surface. What happens to other children with similar needs? What long lasting effect will non-treatment have? Often after a few weeks in a good child development program, a positive effect on the child is obvious.

The Minneapolis Public Health Department estimates that the mothers of 7% of children born each year in Hennepin County have received care, if any, only in the last trimester of pregnancy.

Prenatal training exists in our community, but it is limited. Society seems to continue believing that biological birth, a parent makes. I suspect those of us who are parents really do know better.

The need for public education on the developmental needs of children cannot be overemphasized. It is a need felt by organizations across the board in Minnesota. The very fact that here in 1975, in the richest country in the world we are discussing these unmet health, nutrition and developmental needs of children bears witness to the need for raising public awareness.

The authors of the proposed legislation are to be congratulated on their tenacity and determination to find ways to meet the needs of children and families in our country, and in concert with the family. It seems to me that any approach other than in the context of the family system would be unrealistic and fragmented. We believe parent participation essential to the relevance of programs addressing children. Parent participation takes many forms and requires continual encouragement and support, but the results for children and families is well worth the effort.

NEED FOR QUALITY, DEVELOPMENTAL EFFORTS

Programs for young children can and should take as many forms as there are programs, all within the context of focus on the developmental needs of children. Custodial care—mind-numbing mediocrity—must not be accepted if we are really concerned for children. Again, national leadership is essential. Federal standards which address the developmental needs of children must be maintained, and assured implementation.

And what about training? Personnel should be considered trained along standards of good child development and within the context of the philosophy of particular programs.

In summary, ladies and gentlemen: The needs for supportive services to children and families is great. It cuts across age groups and socio-economic lines. Existing social service dollars have barely scratched the surface. The needs of our children and families must be addressed comprehensively—pre-natally through childhood—unless we are willing to settle for fragmentated services, at best, shadows of how it ought to be, reaction, not action—continued unmet needs.

How we as a country, how we as parents and decision makers act to meet these needs in concert with other parents will determine to a great extent the future of our country.

Thank you ladies and gentlemen. It is a privilege to participate in your hearings. Have you any questions?

TESTIMONY BY ANN ELLWOOD

As Director of Minnesota Early Learning Design my perspective on the Child and Family Services Act is somewhat different from those who are concerned with services to children. My interest is in how this bill can provide services to parents that will result in better conditions for children.

Minnesota Early Learning Design (MELD) began in September of 1973 supported by a one year grant from Lilly Endowment, Inc., to examine current approaches to early learning, to explore alternative delivery methods, and to develop a proposal for a demonstration project that could strengthen the family and be supportive of parents in their efforts to raise their children.

In order to quickly learn the major issues and current thinking of professionals, providers and consumers in the wide range of human services that relate to family life, a planning strategy was adopted that included visitation of programs and consultation nationally and locally, multidisciplinary conference attendance, and a reading plan. An eight member Parent Advisory Committee, representing a cross section of occupation, income, sex, race and life styles was established to assist the staff.

We found that educational programs that teach parents to teach their children are more effective and produce longer lasting gains than programs that concentrate on the child alone. Moreover, many researchers believe that the first 2 or 3 years are the most critical in the life of the child—a period of time when services for children are traditionally not available.

We found that external pressures on the family are overwhelming. Changing patterns of living and working, mobility, loss of the extended family ties, lack of education for parenting combined with universal problems of jobs, housing and education place an extraordinarily heavy burden on young adults.

But we also found a renewed consciousness of the crucial nature of child rearing skills on the part of caregivers, program personnel, researchers and policy makers. The result is a rapid expansion of interest in programs regarding "parenting" or "parent education."

In surveying parent education services available it became clear that several significant elements are not being addressed; programs are generally too short, too late and too expensive. The duration of programs is usually too short to make a long lasting impact. Services usually begin too late in the life of the child to be a preventive force. While a few programs are free or low cost, substantial fees are frequently charged, inhibiting the wide distribution of service to those who need and want them. And although most programs provide information and a few offer emotional support to parents, these two elements (felt by MELD to be of utmost importance in combination) are not provided in a continuous fashion.

Parents (and often mothers alone), essentially without assistance, are doing a remarkably good job with a great lack of preparation, with little information, under great stress and with insufficient psychological support from the community.

As MELD sought to analyze how parents seek and receive information and support, we became aware of a timely movement across the country which appears to offer a unique opportunity for parent education. Peer self help groups are fellowships organized around a common problem, groups in which one person who has been through an experience helps other persons who are currently undergoing the experience. They provide effective personal psychology with high public acceptance for a wide and growing array of human problems. The method has been in use for decades by Alcoholics Anonymous and Synanon to treat severe social and psychological problems. More recently it has been adopted to address personal problems that society does not define so harshly. Recently for a growing number of people with more typical problems in common, it is the method of choice for providing psychological support, education and sometimes recreation.

Peer self help groups have certain common characteristics. In addition to being peers, leaders are usually volunteers. Occasionally the volunteers are trained, especially in support techniques and group dynamics. In some groups professional backup and advice is available to leaders and to the groups as well. Often leaders have their own support groups to offer encouragement and reinforcement. Most peer self help groups have open memberships. Meetings can be attended by anyone who designates himself as sharing the common problem. In the case of local groups such as Alcoholics Anonymous, Weight Watchers and a divorce counseling group, sufficient numbers of groups exist so that individuals can attend any parallel group that meets. Usually, however, the interpersonal relationships help to keep members in their own groups.

Because the coordinator has experienced and successfully negotiated the difficult problem faced by others in the group, he/she can provide effective role models that bring encouragement and hope. Self disclosure techniques encourage identification and empathy in peers. Available to group members even beyond the scheduled meetings, leaders can offer advice and problem solving support. In many peer self help groups leaders are carefully trained to model, reward and reinforce supportive behavior in others. By participating in common activities and endeavors members gain insight into common problems and problem behaviors, and develop positive sharing relationships which offer personal growth, improved self image, and greater self confidence to overcome the present difficulties. Another common outcome of such groupings is that peers help each other by sharing information about community resources—jobs, services, bargains, housing.

Reduced costs and de-emphasis of professional involvement partially explain the wide acceptance of the movement. But perhaps the most compelling reason may be that this is a simple, non-controversial, natural way to prevent social problems by helping one another. Americans value concepts of self help as peer involvement. A woman who has successfully nursed an infant happily shares and teaches another who wishes to do so. The slim, self assured former fatty is a model and support to others feeling the burden of excess weight.

Can peer self help groups be used effectively for parent education? Do the proper elements exist to create the appropriate relationships? Can education be combined with psychological support?

The birth of the first child is very often a crisis because of lack of information, isolation, fear and other societal pressures. To encourage the development of peer self help groups to address parental needs is to build on a natural support relationship of parents helping parents that has always existed. Volunteer parents who have been extensively trained in psychological support, reinforcement techniques and group dynamics, as well as an overview of child development, cognitive and physical development, health care, nutrition, safety and community resources can build on these natural patterns and can help develop optimal behavior in parents.

Using the peer self help approach, MELD will provide information and support to small groups of 15 parents, both male and female, beginning early in the first pregnancy. Other parents who are specially trained volunteers will lead the groups which will be open to all parents. MELD believes that such a plan will prove to be inexpensive, easily replicable and attractive to parents who need and desire resources as they raise their children.

I endorse the Child and Family Services Act because it addresses the problem of supports to families as they raise their children. It offers flexibility to accommodate innovations—new program ideas such as ours. Equally significant is the freedom the bill provides to parents to choose from available program options, protecting their authority over the care of their children, helping them to shoulder their responsibilities while maintaining control over their children's preschool years.

TESTIMONY BY TUTTI SHERLOCK

I appreciate the opportunity to testify before this joint Senate and House Committee on the S. 624 and H.R. 2966 Child and Family Services Acts of 1975.

Every social ill of our times arises from behavior. Reasonable as it may seem to work toward the cure of such ills, we shall not succeed until we learn how to prevent them.

My concern begins with the behavior of the child who becomes the man. No person will disagree when I state categorically that children are our greatest natural resource, yet the world behaves as though they were no resource at all. The land; the water; the air; and most important, the oil—all are to be conserved for they support life. What after all does a child contribute? How shortsighted we are—the child conceived today is the adolescent of tomorrow and the adult of the day after. Nothing is more important than the person that child becomes; he alone holds the key to the future.

Yet, knowing all this and knowing too how important those first few years of life can be, we have constructed a society that puts great demands and pressures on families—they must succeed and produce financially; they must make social and community commitments; and if there is any time or energy left over, they must raise their children with limited support from the community to assist them in this ultimate responsibility.

We need only to look again at the pressures put on families for simple survival to examine the voids of support services—child care, health and nutrition resources—to know how little support the community gives its families.

Examine first the need for such a simple resource as care for children while their parents join the labor force in order to put food on the table. In non-urban Minnesota's Polk County, 767 families with children under the age of 6 needing child care, there are zero number of licensed day care slots—either family or group. Lake County, 206 families needing child care, has one licensed slot; Clay County, 1,121 families in need of child care, has 103 licensed slots; Morrison County, 601 families in need of child care, has 16 licensed slots; and it goes on and on.

Across our state we begin to see efforts made to develop child care resources and support services for families, but they are like patches on a worn shirt. We see the number of licensed day care slots increase during a four-year time span (1970–74) from 0 to 8; 5 to 14; 105 to 165; and in my own county, Olmsted, 475 to 683. But that still leaves nearly 2,000 children, below the age of 6, being cared for in possible unsuitable environments.

Title IV–A of the Social Security Act has been another patch on our worn shirt. Par-

ents who fall under the past, present, or potential A.F.D.C. category are eligible for child care services free of charge. It allows parents to sometimes choose care for their children based on the quality of care rather than the cost. But again, even the patch is wearing out. Families who meet all the criteria to be eligible under Title IV–A regulations are denied services simply because there is no money left in the pot and that is a current fact in Olmsted County, Minnesota. We have a temporary freeze on all requests for child care in Licensed Family Day Care until we can resolve the problem. There was no other choice for if the county had continued to meet the increasing demands, the money allotted to Olmsted County under Title IV–A would have been expended by the 1st of July and all services would have to come to an end.

But even if Title IV–A child care requests could be met, that alone does not answer the needs of the working poor. A young divorced mother on A.F.D.C. with two preschool children has gone back to school, she is enrolled in a nine-month L.P.N. vocational program. During this training period, her child care is paid for. Her first month of work at the hospital is considered training, so her low income continues to make her eligible for reimbursement of child care.

But now the month is up—she is a fully qualified Licensed Practical Nurse. She is earning $3.00 an hour and she received $150.00 a month for child support which gives her a gross monthly income of $669.40. She is no longer eligible for child care reimbursement and she must begin paying a minimum of $8.00 a day ($168.00 a month) for child care for her two children, and that's after taxes. She really is better off returning to A.F.D.C. and staying home with her children . . . what creative means we devise to encourage and support families on their way to independence and a meaningful life.

In spite of our patch-work system, there always arises a glimmer of hope—and certainly we have some of this in Mondale's home state of Minnesota—a strong and growing family day care system, interest, and growing development of planning and coordinating groups. In fact as I read the bill, I find it very familiar. Its purpose and goals sound almost like quotes from the Articles of Incorporation and By-laws of the Olmstead County Council for Coordinated Child Care which I represent. Coordination of services—a community working together—does indeed result in improved quality and availability of this to children. In addition, Rochester has one of the six pilot projects funded by State Legislation in 1974 for Early Childhood and Identification projects to be funded through the public schools.

Basically, these are screening and parent education projects. During the writing and passing of the legislation, there was a great deal of emphasis on the fact that these projects would not be controlled by public schools, but would have 50 percent parent advisory and policy setting boards and would work together with other agencies in the community, and indeed, this has happened in our project. Our 4–C Council serves as coordinator: the instruction of parents and children is contracted to a long-established private non-profit preschool, the Early and Periodic Screening is contracted to the Public Health Department, and the school district involved gives us great moral support and disperses the funds.

So although there are many good things happening, many unmet needs of children remain in Minnesota as well as across the country—preschool enrichment programs, health and nutritional needs, programs for the handicapped, parent education, planning and coordination of services so families are not lost in the maze of reaching whatever services exist, training for staff and family day care providers, equipment and adequate facilities. How many years have we spent trying to justify these needs? The facts are there, the statistics are there—will we continue to avoid them? Will we continue to be satisfied with our present small attempts to improve the rearing of children . . . attempts that are worthy but woefully limited, or do we respond to the national emergency with the passage of the Child and Family Services Acts of 1975?

My tone has been evangelical it is true, but to me it falls far short of the fervor that subject deserves. In rearing children, we write the future history of the world. We could start now to make that history a shining affirmation of what it means to be human.

TESTIMONY OF SUSAN W. GRAY

I am pleased to have the opportunity to testify on the Child and Family Services Bill, since several of its provisions lie close to my heart and to my work over the years. I am a child psychologist from Peabody College in Nashville, Tennessee. Since 1961 I have been concerned with planning special programs for children and parents from low-income homes. These programs have attempted to help young children to become more competent in meeting school and life demands, and in enabling their parents to learn how to provide the educational and social stimulation needed for the development of such competencies. It was such early work, by me and others, which provided part of the emphasis and the general direction of the Head Start program initiated four years later.

Children are our future. But for many of the eleven million American families who live in poverty their future promises to be merely a repetition of their past. One of the bitterest things poor parents must bear is seeing the same things happen to their children that happened to them, the same debilitating and often debasing circumstances of living. Yet it is possible to provide help for such parents, to enable them to be more effective in rearing their children and in providing better life situations for them. Helping with their children will not solve many of the problems of the poor, but it does make an attack on what is one of the problems of greatest concern to low-income parents, and to society at large—what will happen to the children?

I see the Child and Family Services Act as showing promise as a way of interrupting this wretched cycle. In the current economic planning of the Executive Branch we see at full length—in the words of Harry M. Caudill—the tendency our society has to capitalize its gains and socialize its losses. The problems of recession and the enduring energy crisis will hit most heavily on the poor. The provisions of the bill under consideration can offer to some degree a countervailing force to the callous way in which economic urgencies completely override humanitarian needs.

Furthermore, it is not only among low-income parents that the need for help is felt. All parents upon occasion feel this need and wish for some guidance when they face the difficult yet daily decisions that child rearing brings. I should like to give here a statement from one of the parents with whom we have worked, a mother whose husband has a very modest pay check, but enough to bring him above the poverty level.

"Every mother tries to teach her children the essentials of good manners, but there's a huge standstill when it comes to teaching the things they'll need to know for school.

"I'd tried teaching Joey (her two-year-old) the different colors and shapes but I had no idea where to go from there. I wasn't really sure I was accomplishing anything at all with him. He's still confused about colors sometimes, but shapes are down pat. . . .

"The thing that has impressed me most is the attitude of learning while playing. I've enjoyed the home visits as much as Joey and I'm going to feel a lot more confident with my baby when he's old enough for the games Joey plays now."

I should like to address myself to three aspects of the proposed funding provisions since they are the ones which relate most closely to my own experiences and knowledge.

First is the general emphasis on services for the family as a way of reaching children. I should like to stress here the listing of in-home services and education for parents and those others who serve as parents—grandmothers, older sisters, and so on. Our experiences for over a decade, as well as those of the limited number of other workers in the field who have done carefully designed and evaluated studies, suggest the worth of such programs to help parents become more effective in providing the experiences that promote the educational and social development of their young children. Such programs are economical as compared to adequate day care, costing only a fifth to a fourth as much. To be sure, they may have somewhat less impact on a single child who may be in an all day program (although this is not necessary true), but the impact is made not only upon the child but upon the other children in the family and the parents as well. Probably most importantly the parent comes to see herself—or himself—as the child's first and most enduring teacher, and the home as the child's first school. Such services provide a meaningful alternative for day care where the mother either does not wish to, or cannot, work outside the home. Although important as an approach even in a more prosperous state of economy, this procedure would seem especially appropriate in our current economic situation. Last month the unemployment rate stood at 8.2, remaining steady since the last month. As you recall, however, this only happened because the loss of jobs was offset by the half million persons, mostly women and teenagers, who gave up on seeking employment. Presumably a large percentage of these were young married women with growing families. To the extent that their concern was with bettering their family status, a home-based program might be gladly received by them.

Furthermore, such services are attractive from the standpoint of the general availability of day care for working mothers. Such availability often makes the difference between whether a woman will decide to seek work or not. Current data (or rather the data from 1973) showed six million women with children under six who were employed. Yet there were available in licensed day care slots only one million places, and 40 percent of these were allotted for children with special handicaps and children from low-income homes. Important as it is to increase the quantity—and quality—of day care, it is also important to provide alternatives for parents. This is currently a groundswell of interest in home-based programs as witnessed in the recent report of the Education Commission of the States. Encouragement for home-based programs would deserve a relatively heavy weighting in possible funding patterns for families.

My second point relates to the need for increasing support systems for families. Recently, careful analyses of the effectiveness of early education programs for children, or for children and parents together, suggest that only under certain conditions do programs have a lasting effect. One of these is that parents have help in sustaining the gains that may have been made with their children. This is especially true among the poor. Low-income people are vulnerable; they live on a knife edge between catastrophe and survival as a family unit. The poor lack the insurance, both literally and figuratively, which can enable them to cope with such

happenings as the illness of the mother, a child who must go to the hospital, a husband who loses his job. Such services as emergency day care or home care for children, emergency loans, homemaker services, the ready availability of knowledgeable consultants on family problems—many things of this sort would contribute to giving the beleaguered family some support in its times of crisis. To be sure, these ideas are neither new nor earthshaking. Most of them exist, but usually only to a minuscule degree. For example, in my own city, one charitable organization will provide $10 for a family in dire straits, one which is literally out of food. But where will food for the day after tomorrow come from? There are homemaker services in my community, but they are few and far between. If parents are to continue as their children's teachers and the programmers of the home setting for their children, they need support for the recurring emergencies that make up the life of the poor. Unless parents have some physical and emotional energy left over from coping with the frequent crises, they cannot be planful in continuing to serve as educational change agents for their children.

One might add here that it would be highly advantageous to provide some input for parents to allow them to take as full advantage of the educational, cultural and recreational resources of their communities as they relate to children. Nowadays, at least in our experiences, low-income parents for the most part are fairly knowledgeable about the availability of help from social agencies, although they are often not well versed, as indeed who is, in treading their way through the intricacies of the regulations and eligibility standards of such agencies. Our parents, however, tend to be ignorant of the public library, although we have an exceptionally good system in Nashville; they make little use of public parks and their recreational programs. The list could be greatly extended. These things too provide important support systems for parents in carrying out their function as teachers and providers of an educative environment for their children.

My third and last point speaks to day care provisions under this bill. I should like to emphasize an aspect of day care which is generally neglected in discussions of the field and certainly in the attention of the public; it often figures little in recommendation of increasing day care availability. This is family day care, that which a mother in her own home cares for a limited number of young children, typically no more than six or seven. Despite its neglect, the current data suggest that the overwhelming majority of children not cared for in their own home by relatives, baby-sitters, and the like are cared for in family day care settings. In Tennessee, under 9 percent of the children under six with working mothers are in licensed day care, group or family. Nationally, the figure is about 10 percent. Yet the national figures in 1972 show that 625,000 children are in group day care and approximately 2,000,000 in family day care—three children in family settings for only one in group settings.

A major way of expounding the quantity of day care slots, and also in improving the quality of the day care the majority of children receive would be to invest heavily in family day care. At present it tends to be a marginal occupation, poorly paid and supervised. The quality on the whole may be poorer than that of group day care taken as a totality, but the figures are hard to come by. At Peabody we have made a systematic study of improving the quality of family day care by working directly with the family day care mother to help her improve the quality of the educational and social stimulation she provides for the children in her care. It is feasible and not costly; unfortunately it is not free. It does not, however, require the heavy capital investment which constructing day care centers requires. This makes it an attractive option in expanding the number of day care slots available for children who need them.

Family day care is favored by many parents, because children are in small groups. Often care is provided in the child's own community. This not only is easier from the standpoint of transportation, but the mother knows the family day care worker personally, which helps build trust. Children are in small groups, and the atmosphere is more homelike. A sizable investment in improving the quality of this service would yield large returns.

There are many other provisions of the bill which I see as offering hope in promoting family life and the development of competence in young children and in their parents, as guides of their children. These three, however, are ones that relate to my own areas of interest and competency; others have and will testify on the remaining aspects of the bill.

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TESTIMONY OF JAMES J. GALLAGHER

It gives me great pleasure to testify on behalf of the Child and Family Services Bill H.R. 2966 that is designed to meet such an important and crucial set of needs for young children and their families. Through research and practice we have discovered important knowledge about young children in the past two decades which relates directly to what this bill is designed to accomplish. Let me state a few of these discoveries:

1. The early years of life before the age of six appear to be most crucial to later development. The child from the earliest times in life is an active and responding person, strongly influenced by the world around him.

2. The child before five years of age forms a basic attitude to life and to new experiences and to social interactions that will influence, for good or ill, his or her relationships with the world for the rest of their lives.

3. If we wish to correct unfortunate experiences, the earlier that special assistance or help is provided the more effective such help will be.

Few people will disagree on the importance of the family to the growing child but we can differ considerably on the kinds of measures that are useful in strengthening that beleaguered structure. We clearly need many different options that allow for a maximum of diversity of services to fit a diverse society and its multiple subcultures. It is my reading of this bill that it deliberately provides such options.

Individual freedom of choice means little to the parent if there are no viable options to choose from.

A distinguished sociologist once studied the reaction of parents who had a handicapped child. Their natural reaction was to withdraw from social and church contacts in embarrassment and to sink within themselves. In short, they cut themselves off from the very sources of possible aid and assistance that could help them and their children.

In previous generations the "extended families" of aunts, cousins, grandparents, etc. offered needed support and provided a buffer to the family with small children. The modern family is extended only in a geographical sense, with relatives scattered across the country and often in little position to help each other. There is a good reason to doubt that many nuclear families comprised of a husband, a wife and two children are able to survive stress alone. Even less able to survive without assistance are the single parent or divorced parent families. As members of this American society, we must become a kind of "extended family" and assist parents and their children. I see this bill as one tangible way that we can all play this role.

I am particularly impressed by the evidence in this bill that we have profited from earlier experiences in trying to improve education or health services for children. A rapid expansion of day care services would not likely be a great boon to families unless it would be accompanied by strong support services for personnel training, research, evaluation, and major demonstration and technical assistance efforts for it is these support services that can bring quality service to a local program.

The importance of support services is such that I would prefer that money allocated for them would be calculated on the basis of a percentage of the service allotments rather than be authorized as a separate figure. There is a natural tendency in the appropriations process to cut such support efforts rather than reduce the local service programs where the need seems most urgent. However, understandable such a move, the weakening of support services seriously weakens the direct service program itself. I would estimate a figure of about 25% of

the service figure needs to be appropriated to support services of training, research and technical assistance in the initiation of the program perhaps being reduced to 15% as the program matures.

One reason to emphasize support services is that we are forever asking ourselves questions that sound profound, but which turn out to be irrelevant. For example, we ask, "Is day care harmful to the child?" "Is day care helpful to families?" The answer to both is, of course, "Yes, sometimes, under certain circumstances." The same answer can be given if you ask whether a child will benefit or be harmed by staying at home with a parent or parent surrogate: "Yes, sometimes, under certain circumstances."

These are not the important questions. The important questions are, "What are the circumstances in group care situations, or in home situations, that will be most beneficial to the child's development and the integrity of the family?" Although we know some of the answers, as professionals in the human service area we need to learn a great deal more in order to be confident that our counsel to parents and policy makes it adequate. This is why we need systematic research and careful evaluation.

I would like to make special note of one of our major program emphases at the Frank Porter Graham Child Development Center at the University of North Carolina—Chapel Hill. We currently operate three major technical assistance programs: TADS, the Technical Assistance Development System; DD/TAS: the Developmental Disabilities Technical Assistance System; and MELRS: the Mideast Learning Resource System. The purpose of these technical assistance systems is to provide the latest knowledge on such issues as program planning, curriculum, evaluation and communication to three very different set of clients: a set of national demonstration centers for preschool handicapped children; the 50 state developmental disabilities councils; and the state departments of education in an eight state region.

While the nature of the technical assistance varies according to the client, several principles apply to all of them and should apply to any systematic assistance programs for child and family service projects.

1. The assistance is based on the perceived needs of the client.

2. A contract is established between the client and the technical assistance program that clearly states the kind of help to be delivered, by when and by whom. Such a contract provides documental accountability.

3. A talent bank of consultants each with their own area of specialty is available on call to aid the local program's special needs. This means that lawyers, psychologists, peditricians, etc., will help when problems arise requiring their expertise.

We are convinced that it is possible to organize technical assistance programs to provide continuing, systematic aid on complex programs to clients who have a felt need, but not sufficient expertise. The development of many new child and family care programs by personnel who lack training and experience in management techniques, in planning, or in communications makes technical assistance essential. The staff of many of the new care programs want and need this organized assistance, for it permits them to maximize the operation of their programs. Because of the importance of this assistance, state and regional planners should not assume that it exists, but should deliberately insert it as part of their total planning.

Because of my continuing concern for programs for handicapped children, I would like to focus on ways that these children and their families can become part of, and not apart from, the rest of society. We all know that those of us fortunate enough not to have handicapped children feel somewhat embarrassed or awkward faced with such parents and their children. We all too often try to avoid awkwardness by standing apart from these families. That helps them not at all; and diminishes ourselves as members of the human community.

I am delighted to see that Sec. 103 provides the opportunity for handicapped children to participate with normal children in day care and family services programs. Our experience of mixing normal and handicapped children in programs where parents and teachers have been properly prepared for it has been good. The reactions of everyone involved have been enthusiastic. We should provide special training opportunities to prepare service staff for effective acceptance and progress of handicapped children into their programs.

As a former federal bureaucrat I feel that I should comment on some of the administrative difficulties that will have to be faced if this bill passes in its present form. The desire to bring those citizens who are most deeply involved in family services into decision making positions is admirable but not without a potential cost—that of administrative problems of impressive proportions. Let me mention a few of these:

1. The Office of Child and Family Services headed by a presidential appointee, will have to determine how to allocate available funds. If the accumulated requests from a state exceed the allocation, the Office must decide among state, county and local plans as to who gets money or how money would be prorated. Unless protected, the political pressures on the Office will be strong, particularly since the Bill explicitly offers court action as an appeal mechanism. The Office can expect to be embroiled in many disputes unless mechanisms can be worked out to insure fair and even-handed decisions in fund allocations.

2. The procedure for the prime sponsors to develop a plan, submit it, and get it approved, will be inevitably long and involved. Let me sketch out some major steps.

A. The initial development of the plan with the adequate inclusion of the various necessary components and assurances will inevitably take much time and effort. (2–3 months)

B. The Governor's office will then have to comment on the plan. If negative comments, or suggestions for change, are made then more time must elapse for the prime sponsor's Child and Family Services Committee to react. (2 months at least)

C. The plan then must be reviewed at the HEW Office of Child and Family Services. This agency must hold it to balance against all other requests from the state. We can expect that this Office will be chronically understaffed and that the turn around time in reacting to plans is longer than expected. (2 months at least)

Without much imagination one can conceive of other procedural breakdowns in the planning system and can envision a prime sponsor continually writing or amending plans rather than delivering needed services to children and families. I would strongly recommend the acceptance of a *three-year plan* with only annual updates required. This would cut the review process by two thirds and the submitting could be more effectively reviewed without the administrating agency being buried under a mountain of papers.

3. Many of the prime sponsors and their clientele will have little or no experience with the collection of data on the progress, it should anticipate major administrative problems before some workable management information system is developed.

In summary, I believe that this bill provides the potential for improving the development of children and maintaining the integrity of the family during the children's most crucial preschool years. By doing so, the number of children with school and social problems should be reduced and more children will be able to express and enjoy their abilities, unhampered by developmental or psychological difficulties. As this occurs, all members of the family will be able to achieve a more effective and satisfying life.

TESTIMONY BY EARLINE KENDALL

Honorable Chairman and members of the Select Subcommittee on Education, I am Earline Kendall from Nashville, Tennessee. I present testimony to you concerning the needs of children and their families as you consider the Child and Family Services Act of 1975. I present this as a professional who has opened three day care centers in the last five years. Two of these centers died within a year and the third continues a precarious existence at this time. I present this as very personal testimony from the perspective of a mother who works and had child care needs when my son was younger.

My first day care experience was as a newly graduated teacher in a day care school in Montgomery County, Maryland during the late 1950's. During that era day care had a bad name; most care was custodial. Even as a beginning teacher I could see the discrepancy between what I was taught in education classes and what was going on around me. After one year of teaching in the day care school I began teaching public kindergarten which I continued for three years until pregnancy caused me to retire. Recognizing the many societal and personal pressures that I felt I planned to stay home with my son until he was "much older." My own experience in day care had shown me how inadequate some programs were.

In addition I had accepted the middle class culture's value of the mother caring for her own child in the home. This lasted a total of two years. By this time financial pressures overcame other pressures and I again taught in the public schools, now first grade. During these years in the public schools I taught mostly children from middle income families but even some of these were "latch-key children" who let themselves into their own homes after school with the key worn on a string around the neck.

After being teacher-director of a campus laboratory kindergarten four years the opportunity came to direct the training center for the proposed nationwide chain of franchised day care called American Child Centers, Inc. I hesitated about accepting this position, in part because I was reluctant to mix children and profit. The quality of the program planned by early education specialists whom I respect, along with the excitement of being part of a national effort to provide care for young children persuaded me to try this venture.

My own need for good preschool child care was just over. My dissatisfaction with care for my toddler in our home by a housekeeper, the problems when a relative and then a succession of neighbors kept him during the day and later after school made me very aware of the acute need for good child care among families in the middle income bracket.

American Child Centers, Inc. and its parent company went broke after less than two years for a variety of reasons. The company was top heavy with highly paid executives. Another reason for financial difficulty was the expense of a quality child care program. Even middle income families could not afford the entire cost of good care when there was more than one child in the family, and sometimes not then in single parent families, or families with other problems.

Parents and children had responded well to the program that American Child Centers provided. When the announcement was made that the center was to be closed and

the property sold parents rallied. A father who was a lawyer helped draw up a charter for a non-profit corporation. Another father who was a professor of management set into motion the procedures for securing tax exempt status. Two mothers who were professors of child psychology served on the board. A father who helped raise money from foundations and other sources offered his help. Other parents combed the community for space for 100 three, four and five year olds, renovated the basement of an abandoned elementary school and helped staff move on Christmas week end. This non-profit, parent initiated center is Nashville Child Center and continues today a very precarious existence in that location with the help of garage sales, benefit concerts and gifts.

When this center also began to show signs of financial struggle in spite of no executive salaries, rent of only one dollar a year and a staff willing to work for eighty dollars a week (including the cook, janitor, teachers and director) I accepted a position as director of Children's Center, Inc. which was opening with Title IV–A funding for half the forty-five children in the center and a sliding fee scale of payment for the other half of the children. A church was the third party source of funding and another church gave us space for the center. Several wealthy citizens made pledges to the program to subsidize the portion of the budget that those on a sliding fee arrangement were not able to pay for themselves.

With this budget arrangement a Title IV–A child whose mother was on welfare and found a job was not terminated from the program. Her child could be carried by contributions from others and she could pay perhaps five dollars a week at first. Later, as she began to earn more she could assume more and more of the actual cost of the services which her child and family received. We had infants as young as six weeks (maternity leave is often limited to six weeks post partum) and up to school age in the centers. This enabled several families to have more than one child in the program. Last week I visited a Title IV–A program and recognized a four year old who had been in the Children's Center. I asked David where his little brother Daniel was and was told, "he's too little". This is an added burden on this mother as she tries to get to work, pick up the children after work and be involved in the center activities.

The provision in the Child and Family Services Act for the type of flexible services to families that we tried at the Children's Center makes me support this bill. The advantages for children and their families when poverty level families are not isolated in centers by themselves are many. The fear of the unknown that is caused by the isolation of low income families or middle income families from those of other economic levels can be minimized when the children become friends and the parents share experiences. A sliding fee scale is necessary to allow this type of interaction.

The Children's Center was battered but able to weather the fight with Secretary Weinberger over the change in regulations, but it could not weather increasing costs, as well as loss of individual and church support as the economy dipped. Its closing ten months after it had opened was painful for the families served and for those who had dreamed of the possibilities offered these families. It later reopened with three of the teachers and eighteen of the children in one of the teacher's homes. Even that small home center was forced to close this month. They had eager parents with modest incomes and children from families on welfare. They received $15 a week from the Department of Public Welfare for each of these children. It was not enough.

Each of these day care centers appeared to have secure financial backing when it was planned and implemented. The franchised center had backing from the business and professional community. The non-profit center has strong parent involvement and staff commitment. The Title IV–A center had support from the federal government and a church community with the added help of wealthy, interested citizens. Each of these funding mechanisms was not enough. Each of these centers had financial difficulty within a year. Each was threatened with closure several times.

Each time a center closes where children are cared for in a warm, supportive environment both parents and children are uprooted. Parents are forced to try to find another place; children are forced to adjust to other caregivers, other peers, other routines, *if* their parents are able to locate another center. The low income parent and the parent who is able to pay part or all of the cost of care both find it exceedingly difficult to find any place that meets their own needs and those of their children. Last week I was questioned for the third time by a mother who is a certified teacher about placement of her preschool age son. Each time she has had to move him it has become more difficult to find a place that is comfortable for her and for her child. I had no hope to offer her and found myself withdrawing from the discussion. It was too painful for both of us. This mother has to work. Her second husband is a student with a part time job. She cares about what happens to her child. She is willing and able to pay for this care but is unable to find care that she accepts as good for her child.

I remember Roland who came to us as an infant. His mother is white, unmarried and a secretary. She wanted to keep her baby but initially received little emotional or financial help from her own parents. Good day care programs "mother the mother" through periods of crises. We took Roland for shots, bathed him and sent special formula home with him. She was not able to pay extra for the soybean formula that he needed. After a few months her life stabilized. Until it did, the day care center was her family and support. Through counseling referral we gave her and the medical and food support she received, she and her baby were able to become a family.

Elora Jean was referred to us by a social worker who found her during a particularly cold period of January in a house without water (the pipes had frozen and bursts). Her mentally retarded mother was burning a mattress to keep them warm. She was covered with soot. Her hair was matted and her eyes were dull. Some of the staff focused on her dirt and begain to clean her up but one aide focused on Elora Jean and begain to take her to wash the car (and play in water at the same time). She begain to work and play with the child. Today Elora Jean has an alert look in her eyes. She laughs out loud and speaks easily. She is still behind intellectually her own age peers. Next year she will be old enough for the public school. The day care center has twice closed on her. To leave her only at home with her mother who is retarded for the next six months is to put her further behind.

A mother who drives a truck within the city is desperate for day care for her three month old son. She has been taking him with her in the cab of her truck for the last few weeks and cannot continue doing that. Other infants are locked in cars while their mothers work.

Recently I was in the office of a day care director whose center has school age and preschool children. A mother called in tears because she could not find someone to look after her two school age daughters. She is in the midst of divorce and her emotional and financial resources are exceedingly limited right now.

The Child and Family Services Act appears to offer stability of funding for a variety of family needs. Low income families, particularly, have had many exciting programs offered and then withdrawn. Stability of funding and the coordination of services are especially needed after the on-again-off-again funding of the last few years. In 1969 there were 42 distinct programs for children administered by 15 different federal agencies. This has enhanced the possibility that services will be fragmented and/or discontinued.

Some of the aspects of this bill that I am particularly pleased to see are the following:

A uniform code for facilities.—Presently health inspections are made by the municipal health inspector (who demands a three compartment sink in the kitchen, a seperate handwashing sink for the cook with a foot control and assorted other local requirements), a state health inspector who operates from a county office who counts toilets, basins and sniffs for the odor of Clorox which hopefully indicates the use of the disinfectant. Fire and safety regulations vary enormously also. A uniform code for facilities could ensure safer environments for the children and perhaps the elimination of the expense of one thousand dollar kitchen sinks.

Child and Family Services Councils.—Community control of services and funds should ensure that community priorities are being met.

Medical services funding.—Will enable a child to receive health care that is crucial to his intellectual, emotional and physical development. Nashville has two medical schools and a broader range of services because of these. By acquainting families with these services and often helping them get to the site where the services are offered we have been able to help some families get some services that are needed. Funding for medical assistance throughout the nation could raise the level of living for many children.

The variety of prime sponsors.—Will allow communities to determine the kinds of programs needed. No existing institution has a hold on the best possible mode of service to meet all needs of all families. Certainly many public schools have failed to meet the purposes for which they are set up. To add to a public school system all of the day care needs of families is to ask for chaos.

Commitment to variety and innovation in programming and staffing.—Provides for flexibility of services. Broad bases of staff training and retraining are needed throughout existing day care and certainly for any wide program of new day care services. Family day home workers need a dependable salary; they need supervision, training and support. Many families prefer this type of child care but nearly all of the women who offer this care in their homes are totally isolated from others who offer similar services, from resources that could be helpful to themselves and the families they serve.

This testimony has caused me to reflect on many of the negative aspects of child care in this nation. It has caused me to review my efforts on behalf of my own child and many other children. I am not without hope. Starting June 1, I will be the Child Development Coordinator of two Title XX day care centers serving 45 children each and an after school enrichment program for school age children. This neighborhood program has been serving community needs for more than fifty years. It also had to close a day care center last year for lack of funds. Initially, only welfare children will be served in the center that is reopening and in the other center which has been operating a number of years in a housing project. My hope is that the state of Tennessee will include in its state plan for Title XX allowance for some

families to be served on a sliding fee basis. I have indicated my belief in this provision to the Department of Public Welfare, which is responsible for producing our state plan.

As I examine Title XX, and as I recall living through Title IV–A funding, and compare them both to the Child and Family Services Act I am impressed, on a point by point comparison of these bills, that support for the family and its needs is paramount in the Child and Family Services Act. Titles XX and IV–A have too often focused on the need to remove adults who happen to be parents from a state of dependency. This is not enough for our children. The broader provisions in the Child and Family Services Act are needed by families in a range of incomes.

PROBLEMS IN CANADIAN-AMERICAN ENERGY RELATIONS

Mr. MONDALE. Mr. President, yesterday's Minneapolis Tribune contained an excellent editorial which highlighted the continuing problems in Canadian-American energy relations.

Having returned less than a month ago from a factfinding trip during which I talked with key Canadian leaders, I believe that much of these continuing difficulties stems from our own Government's attitudes. The failure of the Ford administration to send any American energy policy representative to the meeting of the Midwest Gas Association in St. Paul last weekend is typical of this attitude, an attitude which must be changed.

On my return from Ottawa, I requested President Ford to move quickly in seeking resolution of the key energy issues now outstanding between our two governments. I hope that upcoming meetings between American and Canadian representatives now scheduled will move as rapidly as possible to high-level meetings to seek both a near-term and longer-term solution to these problems.

Mr. President, I ask unanimous consent that the text of the Minneapolis Tribune editorial and my letter to President Ford on the question of United States-Canadian energy relations be printed in the RECORD.

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

OIL AND CANADA'S ENERGY MINISTER

Canada's energy minister, Donald Macdonald, was in the Twin Cities Sunday and Monday to explain some of the changes in his government's energy policies, in particular the decision to phase down (and possibly eventually phase out) the export of Canadian crude oil on which many refiners in the Upper Midwest are almost totally dependent. Macdonald's account added nothing new—the Canadians have laid it all out before—but it was refreshingly direct and open.

"The Canadian government," he told the Midwest Gas Association's annual convention in St. Paul, "is not blind to the plight of those most affected by the short-term outlook for our oil exports. . . . These northern tier refiners were the first customers for our oil; we sympathize with their present situation and feel some accommodation should be made for them. In fact, we are hoping to work out some arrangement with the (U.S.) Federal Energy Administration so that northern-tier refiners could be given some relief under FEA allocation procedures. . . . We recognize that an early decision on suggested alternative supplies is important to you in your planning. It is one of the energy questions that is receiving priority attention by Ottawa." Macdonald's remarks made it very clear that his government stands ready to work with FEA and Upper Midwest refiners to find alternative supplies and, in the meantime, work out a fair allocation system of existing supplies.

It was all the more remarkable therefore that the Ford administration failed to respond to invitations to send a representative to the convention. Both Interior Secretary Morton, who heads up President Ford's energy council, and FEA Administrator Zarb were invited. Neither came, nor, for that matter, did any U.S. energy officials from Washington. In choosing to ignore such a significant gathering of regional energy suppliers, many of whom are deeply concerned about the future, the administration needlessly slighted not only the suppliers but also the convention's principal speaker, the Canadian energy minister, who has gone out of his way to show understanding for the Upper Midwest's energy problems. The effort Macdonald has made is a lot more than can be said for his counterparts in Washington.

U.S.-Canadian relations are not in the best of shape these days, but the Ford administration is not making much effort to improve them. At least when Canadian cabinet officials come to the Twin Cities they are made to feel welcome. Perhaps Mr. Ford and Secretary of State Kissinger, who have yet to put a high priority on good relations with Canada, should take note of the gift Gov. Anderson presented to Macdonald at a dinner Sunday attended by Sens. Mondale and Humphrey, high state officials, legislators and energy suppliers: a Pipestone-clay peace pipe.

LETTER ADDRESSED TO PRESIDENT FORD BY SENATOR MONDALE

FEBRUARY 24, 1975.

DEAR MR. PRESIDENT: One of the most important facets of the energy problems confronting our nation is the status of our relationships with the government of Canada.

I have recently returned from two days of fact-finding meetings with top Canadian government officials—including Prime Minister Pierre Trudeau, Energy Minister Donald MacDonald, Finance Minister John Turner, the entire membership of the National Energy Board, and Conservative Party leader Robert Stanfield.

On the basis of these meetings, I am convinced that an immediate, serious exchange of views at a senior official level, leading to high-level negotiations at an early date, is absolutely essential if the Canadian-American relationship is to continue to benefit both nations and help us solve the common energy problems we face. And I am deeply concerned that the attention currently being given to the important areas of international energy policy requiring a multi-lateral approach not undercut the importance of our relationship with Canada, which is our single largest trading partner and the largest supplier of crude oil to the United States.

There are now a variety of energy-related issues confronting us of importance to both governments: short-term and long-term questions relating to the availability of Canadian oil in regions of the country such as the Upper Midwest; the possibility for mutual cooperation in construction of pipelines to bring Alaskan natural gas and oil to American markets and Canadian natural gas and oil to Canadian markets; and the broad range of financial and development questions surrounding new and expensive energy sources. Each of these questions is important; together, they form a framework within which I believe discussions on specific problems can and must begin immediately.

As you know, Canada supplies 20% of the total crude oil imported into the United States. Some regions, such as the Upper Midwest, are very heavily dependent on Canadian crude, and have few available alternative sources of supply. And within this region, four refiners in the states of Minnesota and Wisconsin have no available alternative source of supply other than Canadian crude oil. The recent announcement by the government of Canada of their intention to phase out exports of crude oil to the United States by 1982 because of their own declining oil reserves presents serious problems to many regions of the country, and particularly to the Upper Midwest. We must resolve these issues quickly, because important decisions cannot be made in the absence of an understanding between our two governments.

Over the short-term, we should attempt to cushion the impact of reductions in Canadian oil exports to the United States in a manner which recognizes Canada's vital interests as well as the dependence of regions such as the Upper Midwest on Canadian oil. I found Canadian government leaders sympathetic to the problems of the Upper Midwest, recognizing that refineries in our area were constructed in total reliance on Canadian oil and have no alternative delivery system to bring oil from other areas should Canadian supplies be reduced.

In this matter, the Federal Energy Administration, which will soon be taking over the allocation of Canadian oil in the United States, has a particular responsibility. I urge you to ensure that in any such take-over, the unique and pressing situation of Canadian-dependent refiners in the Upper Midwest states is given highest priority.

In addition, we should continue and intensify discussions on possible longer-term alternatives to substitute for Canadian oil as the level of Canadian oil exports to the United States is reduced. There are a variety of possible alternatives, including reversal of existing pipelines from Puget Sound to Edmonton and transmission of Alaskan oil along these pipelines to the Midwest, or continuance of Canadian oil exports to the Midwest in return for U.S.-guaranteed inputs of crude oil either at Chicago or along our Eastern coast. I found the Canadian government leaders with whom I spoke most willing to explore a variety of possibilities in this regard.

Each of these alternatives poses many problems, which Canadian leaders with whom I spoke were frank to recognize. Yet even though any of these longer-term arrangements cannot begin for a period of years, there is a pressing need to arrive at decisions quickly as to which alternative our government and the Canadian government can agree upon.

For the Upper Midwest, there is little time remaining. Unless a longer-term arrangement for the displacement of Canadian oil can be arrived at quickly, we will be left to consider other options not involving the Canadian government. These options, including construction of a new pipeline either from the Chicago area to the Upper Midwest or from the West Coast to the Upper Midwest (to carry Alaskan crude oil), would involve hundreds of millions of dollars and a long lead time. Frankly, I do not believe that these options have as much to recommend them as those options involving both the United States and Canadian governments, which can use existing facilities to displace Canadian oil with minimal new capital investment and minimal dislocation.

The proposed cutback in Canadian oil exports, however, is only one of a number of energy issues involving our two nations which could provide the basis for constructive negotiations between our two governments.

The prospect of transporting Alaskan natural gas and oil across Canada to the

United States presents an excellent opportunity for mutual cooperation and mutual benefit. American markets throughout the Nation desperately need the natural gas which a proposed natural gas pipeline from Alaska through Canada's Mackenzie Valley would bring. Similarly, this natural gas pipeline could also transport Canadian natural gas which has been discovered in Canada's Mackenzie Delta to Canadian markets.

I hope that movement toward a natural gas pipeline to bring this energy resource to both Canadian and American markets will be accelerated. Regulatory proceedings on both sides of the border must be expedited to the maximum extent possible and I would hope that an Administration position on the feasibility and desirability of routing for such a natural gas pipeline will be forthcoming shortly. Such a position would greatly accelerate movement in this area.

Finally, we share with Canada many longer-term problems in the development of high-cost energy resources. Among possible projects on which cooperation may be possible are the Athabasca tar sands, a massive deposit of "heavy" crude oil in Northern Alberta province, Arctic oil and gas and other high-cost and/or synthetic fuel sources. Development of these resources in both nations is necessary to meet the energy needs of decades to come, and discussions between our governments at the highest levels on matters of pricing, development and financing policy would be of greatest value.

I believe that the only basis on which these problems can be successfully met is through a cooperative approach which seeks to find areas of mutual advantage in specific areas. We cannot attempt or expect to arrive at a single solution to North American energy problems. Rather, if a serious exchange of views at a senior official level is begun now, in an attempt to solve these problems or most immediate importance in a manner which recognizes the national interests of both parties, I am hopeful that other areas of longer-range concern can also be explored at a later date.

I am hopeful that your Administration will make every attempt possible, in cooperation with the government of Canada, to meet at an early date to discuss these pressing issues. I believe that by dealing with important issues of mutual concern, as they arise, we can set the proper background for improving U.S.-Canadian energy and trade relations over the long run.

I look forward to an early response.

THE ROLE OF THE COOPERATIVES IN EXPANDING AGRICULTURAL PRODUCTION

Mr. HUMPHREY. Mr. President, the importance of international cooperation in the effort to increase food and agricultural production cannot be overstated. I have always felt that the cooperatives can make a significant contribution in meeting the world food crisis.

In the long run, the solution to the food supply problem is dependent upon the ability of the developing nations to meet more of their own food needs. The United States has a responsibility and an interest to assist these countries in their attempts to expand their agricultural production.

The Cooperative League of the U.S.A. has played a major role in this effort, and it recently, in conjunction with the Indian Cooperative League—IFFCO—dedicated a cooperative fertilizer plant in Kalol, India. This jointly developed $120 million facility is a remarkable success story, which will contribute to the fertilizer requirements and food needs of India.

A welcome speech delivered at the dedication ceremony by IFFCO Chairman Jashvant Mehta effectively summarizes this fine achievement. Mr. Mehta points out that the plant project brought together agricultural organizations from the two largest democracies in the world and established the first consumer-owned large industry in India.

The cooperation of the U.S. cooperatives in the project is highly commendable. By assisting in this venture, the Cooperative League assured Indian farmers of an increased supply of fertilizer which will increase their agricultural productivity.

The speech by Mr. Mehta is a thoughtful tribute to this fine achievement and demonstrates the importance of increased cooperation between India and the United States in the agricultural field and other areas.

Mr. President, I ask unanimous consent that the speech be printed in the RECORD.

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

WELCOME SPEECH BY THE IFFCO CHAIRMAN, JASHVANT MEHTA, NOVEMBER 8, 1974

Madam Prime Minister, distinguished guests, ladies and gentlemen: It is my privilege to welcome all of you to this pleasant function. In your distinguished presence the Prime Minister [Mrs. Gandhi] will today dedicate to the farmers of the nation IFFCO's fertilizer plant located at Kalol. We have today built what Pandit Jawaharlal Nehru called "a Temple of Technology". I will like to mention certain unique features of this enterprise. Firstly, this is the largest cooperative venture in the country. Secondly, this is the result of coming together of cooperative organizations of the two largest democracies in the world, namely, India and U.S. . . . Thirdly, this is perhaps the only large industry owned by the consumers in this country. To those of us who have been associated with the project, this is a day of consummation and pride.

U.S. Cooperatives have established a very strong position in fertilizer manufacture and distribution in that country. The Cooperative League of the U.S.A. made available to us this U.S. experience and offered cooperation between the cooperative movements of U.S.A. and that of India which had already many faceted achievements. The Government of India, the National Cooperative Development Corporation and the National Cooperative Union of India were actively involved in promoting and organizing IFFCO. At the same time Cooperative Fertilizers International was organized in USA by the American Cooperatives to channel their effort at international cooperative assistance. There has been fruitful cooperation between the concerned organizations with the result that the project has been completed successfully. The Plant has been located at Kalol to avail of the natural gas which is the best feedstock for production of Ammonia.

The total complex of IFFCO consists of an Ammonia Plant of 910 tons per day, a Urea Plant of 1200 tons per day at Kalol and an KPK Plant of 1200 tons per day at the Kandla Port. The total capital cost was estimated at Rs.92 crores, out of which Rs.64 crores relate to the plants at Kalol. We have been fortunate to complete the projects very nearly within the estimates. The share capital has been contributed by the Cooperatives and the Government of India. The loan capital has been raised from the Government of India, the Government of USA and Indian financing institutions. The balance foreign exchange requirements were met by credit assistance from the Governments of U.K. and the Netherlands. Thus, this is a venture not only between Cooperatives and the Government of this country but Governments of three foreign countries have also helped. I would particularly emphasize the fact that the Cooperatives of India have contributed over Rs.10 crores as share capital for this project. This is the biggest endeavor by the cooperatives in any single venture in the country. The funds have been raised from about 25,000 cooperative societies ranging from village societies, intermediate societies and state cooperative federations in ten States of the country.

The project has been completed almost within the original time schedule. This is due to unstinted work put in by my colleagues, Managing Director and his teams of officers, officers of CFI, contractors, both Indian and foreign, and large number of workers. This epitomizes triumph of Indian technology and shows what a proper team work can achieve.

The cooperatives in the country have a large net-work for distribution of fertilizers even in remote areas. The system already distributes more than 50 percent of the fertilizer consumed in the country. The relative share of the cooperatives in the distribution is bound to increase in the coming years. It was therefore considered necessary that the cooperatives should have their own manufacturing units, thereby assuring them of uninterrupted supplies. IFFCO is the first venture in this direction and the Fifth Five Year Plan envisages expansion of fertilizer production in the Cooperative Sector. As far as IFFCO is concerned, another fertilizer project at Phulpur has been sanctioned. These plants are jointly owned by the Government of India and the Cooperatives, who are the consumers. It has been decided that all the products of these plants, shall be distributed only through the cooperative system. Thus the consumers have been provided the opportunity of ownership as well as management of the manufacturing units. This is an experiment in the right direction:

We have amidst us Mr. Wiebe, the former Chairman of CFI and representatives of the U.S. Embassy and U.K. High Commission in India. Since their countries are associated with this project, it must be a matter of gratification to them, as it is a pleasure for us, that they are able to witness the function. There are many distinguished guests from abroad and India who have responded to our invitation and are present here to grace the occasion. To all of them I extend a most warm welcome.

INTERNATIONAL TRADE COMMISSION

Mr. McGOVERN. Mr. President, the U.S. International Trade Commission is now in the process of holding hearings around the country in order to obtain information on the possible effects of reducing tariffs and nontariff barriers, in accordance with the Trade Act of 1974. The Commission assesses this information and then makes recommendations to the President.

The testimony which I am submitting focuses on the economy of my State of South Dakota, the plight of our country's agricultural community, and our Nation's humanitarian responsibility in the world community. I believe we are neglecting the needs of our Nation's farmers and their problems have wide-rang-

ing implications both within and outside our borders.

Again and again I have called for action on the part of Congress and the President to provide various forms of economic support to our farmers, particularly in this crisis period. We support the defense community. Is this more important than assuring that there is a strong agricultural community and food on the tables of our poor, both here and abroad?

We cannot take a strong stand in the export-import market until we put our agricultural house in order. Because I would once again like to call my colleagues attention to the needs of our farmers and the importance for immediate action for alleviating their problems, Mr. President, I ask unanimous consent that my statement to the International Trade Commission be printed in the RECORD.

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

STATEMENT BY SENATOR GEORGE MCGOVERN FOR THE INTERNATIONAL TRADE COMMISSION

I wish to thank the U.S. International Trade Commission for providing this opportunity to submit my comments for its consideration with respect to negotiation of future international trade agreements, and to commend the members of the Commission for holding hearings in several cities around the country to make it easier for concerned citizens to present their views.

In tackling the task before you, it will be necessary to make judgments on how our country should modify its import policies for our internal needs and to encourage more favorable trade policies on the part of other nations. Yet, at the same time, you must balance carefully the impact of potential increased imports on the economy of our nation and the well-being of our citizens. This responsibility comes into sharper focus when one considers the delicate nature of our economy and the complex interrelationship of our economy in the world economy.

In offering my views to the Commission I am concerned with the economy of our country, the economy of South Dakota, the well-being of our agricultural community, and our nation's responsibility as a provider of food to the rest of the world. In my mind, these issues are inseparable. I look to our trade negotiations as a beginning step to firmly establish a cooperative spirit and a viable system with other nations and international organizations and to monitor the availability and movement of food and fiber and other scarce resources. Modest as this summation is, at least it will tell us where we are and will point the way we want to go.

To fully participate in international trade and to carry out our full humanitarian potential, we must first put our nation's agricultural house in order. Our agricultural community is near a state of panic. No one has to tell the farmers that we are facing a recession; in the minds of some farmers, saying "recession" is speaking optimistically. Livestock prices are down sharply while production costs are substantially higher, causing livestock owners to lose up to $200 per head. No one needed to tell the dairy farmers that the state of the economy is "not good," when in December of 1973, they were receiving $7.94 per hundred pounds of milk and in December of 1974, they were receiving $6.57.

We need to prevent such problems through coherent food and agricultural planning which faces both short and long range issues. We need a policy which:

(1) Provides fair return for investment and labor of the farm families of our nation, and

(2) Assure the production of goods to meet our needs, increases our exports, and enables us to do our part to provide for the needs of hungry nations.

Our present agricultural export posture is impressive. With six percent of the world's population and one percent of its agricultural work force we are, nonetheless, the largest producer of agricultural commodities for export. More than one out of every four acres farmed in the United States is devoted to production for exports. In 1974, we exported nearly $22 billion worth of agricultural products, making agriculture our largest export industry and helping to offset the dollar drain for oil. However, to continue and to expand this posture we must soon achieve greater agricultural price and supply stability within our own country. At least in the short run, this may involve protecting some of our least stable agricultural commodity sectors.

South Dakota is primarily an agricultural state. By looking at its economy and the farm products which support it, one can see the vulnerability not only of our farmers but of our state's total economy.

Total personal income in South Dakota in current dollars declined 16 percent from the 4th quarter of 1973 to the third quarter of 1974. Farm income dropped by more than 30 percent. This kind of drop was experienced in other agricultural states as well.

South Dakota's five leading agricultural enterprises in 1973 include:

Commodity, value, and national rank

Cattle and calves, $814 million—8.
Hogs, $264 million—9.
Wheat, $247 million—8.
Corn, $142 million—11.
Dairy products, $93 million—25.

Export sales in the most recent fiscal year for which data is available shows South Dakota seventh in wheat exports with $81.5 million, tenth in feed grain exports with $50.2 million, tenth in hides and skins with $19.6 million, ninth in meats and products excluding poultry with $11.6 million, ninth in tallow and lard with $9.8 million, and second in flaxseed with $8.8 million.

This export market is crucial to a state's economy. Generally, agriculture is a slow-growing sector; as per capita income rises, per capita consumption of basic agricultural foodstuffs rises more slowly. In our country, consumer spending for agricultural products will constitute a steadily decreasing proportion of total consumer spending. This means that we must take advantage of increased per capita incomes in countries which will be spending more dollars on agricultural products.

But in order to negotiate exports, we must be ready to negotiate more favorable terms of access for imports. I feel, nonetheless, this access must be directed to the areas of our economy which are best able to meet the challenges of foreign competition. Many of South Dakota's agricultural products do not meet that criterion. A look at a selection of these commodities and their present health in South Dakota, in the country and in relation to exports and imports is both revealing and disturbing.

BEEF

Our livestock industry is in serious trouble. Last August ranchers were receiving 27 percent less for their cattle than a year earlier and yet retail prices were nearly 12 percent higher.

Even with a surplus of domestic beef on the hoof, we continue to import. Imports of fresh, chilled and frozen beef account for approximately 1.1 billion pounds or six percent of United States' consumption. This beef is in direct competition with domestic beef produced from culled cows.

In handling the depressed beef industry, our government should take the following steps with implications for both within and outside our borders: We should purchase livestock and meat for feeding programs in our country and in needy nations. Our meat oversupply can become a gift of life to the starving in other countries and a needed source of nourishment to less fortunate in our own country. Second, we should not import beef during a time of domestic oversupply. Although it may seem inconsistent with my emphasis on reducing trade barriers, the extraordinary difficulties confronting cattle farmers necessitate lowering or even eliminating import quotas in the short run. Restoration of the livestock market to a profitable level, worldwide, would be clearly in the long-run interests of all livestock porducing nations. Third, we should pursue efforts, especially in Eastern Europe and the Middle East, to expand our beef export markets.

DAIRY PRODUCTS

With prices for dairy products dropping and all production costs rising, substantial numbers of dairy farmers are going out of business.

A recent study by the Economic Research Service of the Department of Agriculture showed that "nearly 850,000 dairy farmers departed in the past ten years." Even assuming continuation of present import dairy policy—importing 1.5 percent of U.S. production—ERS expects more than 47 percent of 1973 dairy herds will be liquidated by 1980.

This situation dictates that the government should take these steps: Provide guaranteed price supports for dairy farmers. Second, hold to the present level of imports. Any increase in imports would result in substantial declines in producer income over the short run, would cause even more dairy farmers to go out of business and would result in increasing U.S. dependency on imports. As with beef, because of the turmoil in which this agricultural industry finds itself today, our international policy must be one of protection over the short run if we are to have any hope of stability in world agricultural markets over the long run.

WHEAT

Wheat ranks as one of our primary exports. It is also the commodity which has in the last few years experienced a boom and bust market nationally and world-wide. I can tell you that the wheat farmer receives little consolation in boom years; he knows the bust is not far behind. Last year there was a world-wide undersupply of wheat, a seller's market.

This year, all too likely, there will be a wheat surplus. The Common Market countries, which in 1973 accounted for 8 percent of our wheat exports, are said to be "swimming in wheat" with supply exceeding demand by 4.8 million tons, and raising the possibility that some of their import commitments may not be fulfilled; contracts by other nations have already been cancelled. This excess of wheat on the market is sending prices down rapidly. Reports from Gulf Coast ports show prices for wheat slipping from $4.25 to $3.90 just since the end of January.

Constant uncertainty should not be the uninvited guest of the wheat farmer. Neither should gnawing hunger be the hated companion of our own poor and aged or the world's less fortunate. A considered national policy can go a long way toward alleviating both these problems.

Our policy should be to include: Provisions for adequate price supports to farmers, maintaining a reserve to offset any natural disasters and to help stabilize prices, purchasing grains for donation and sale to needy countries, lifting of present import

suspensions until grain producers are out of danger.

In conclusion, I see that we cannot separate internal agricultural problems from our role as exporter and humanitarian in the international community. If we can't keep a roof over the heads of our farmers, we can't serve dinner to the needy. The way we direct ourselves internally will dictate the way we stand outside our borders.

HEALTH-FUND CUTBACKS: FORD VERSUS THE POOR

Mr. BAYH. Mr. President, following Easter, the Senate will consider S. 66, a bill to amend title VII of the Public Health Service Act to revise and to extend the programs of assistance under that title for nurse training as well as health revenue sharing and health services.

Similar legislation was vetoed by the President at the end of the 93d Congress. It is essential that S. 66 not meet the same fate. As a member of the Labor-HEW Subcommittee of the Appropriations Committee, I am sensitive to the need not only to enact authorizing legislation such as S. 66, but also to fund adequately existing medical research and health service programs. In this regard, in a recent letter to the editor of the New York Times, Dr. Zachary Finkelberg, the medical director for the neighborhood health services program in New York, wrote that the President's proposed funding cutbacks of health programs could be the "ultimate destruction of neighborhood health centers and other socially productive health programs." The Congress must not allow this to happen. We must continue to insist on the maximum feasible effort in improving the quality of medical care for all Americans.

Mr. President, I ask unanimous consent that the text of Dr. Finkelberg's letter be printed in the RECORD.

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

HEALTH-FUND CUTBACKS: FORD VERSUS THE POOR

To THE EDITOR: If President Ford has his way, a serious crime is soon to be perpetrated upon a large segment of the American people—the poor, and the working poor in particular. I refer to Mr. Ford's proposed cutbacks in Federal funding of health programs for fiscal 1976 and beyond.

The working poor, whose income level disqualifies them from public assistance but is to low to enable them to afford private medical care (they are usually categorized as "medically indigent"), would bear the brunt of these reductions. Congressional approval of these unconsionable cutbacks can only accelerate the outrageous decline in human services initiated by cuts during the later Nixon years.

The Office of Management and Budget is about to present to Congress a budget that is more than $185 million short of current funding levels for many health-care areas, including $50 million in neighborhood health center funding (representing a closure of 68 of the 177 centers in the country and affecting 500,000 patients). These centers provide accessible, preventive, comprehensive, family-oriented care, including medical, dental, social, nutritional, mental-health, community outreach and home services. In addition, they provide employment for thousands of inner-city and rural-community residents. Furthermore, the proposal contains cuts of $60 million in maternal and child health funding, $21 million in family planning funding, $39 million in community mental-health funding, $5 million in migrant health funding, plus millions more in programs such as rodent control and lead-poisoning control.

These are relatively paltry sums when one views the total scope of governmental funding patterns: for example, the $1.5 million for over 200 super-bombers at $75 million apiece. We are speaking merely about survival-level funding for services, which, if removed, will leave people with virtually no options where to turn for these services in the face of voluntary-hospital curtailments and municipal-hospital overutilization. We are talking about life and death.

What does this mean? The message seems abundantly clear that in these economically difficult times this Administration has declared the poor, working poor and all medically indigent to be inflationary and therefore not deserving of vital services. It is also abundantly clear that this is part of a master plan for the ultimate destruction of neighborhood health centers and other socially productive health programs.

This must not be allowed to happen.

ZACHARY FINKELBERG, M.D.
Medical Director,
Neighborhood Health Services Program.

TRIBUTE TO DR. BERNARDINI RAMAZZINI

Mr. WILLIAMS. Mr. President, a constituent of mine, Peter Contardo, of Trenton, N.J., has brought to my attention a great Italian scientist, Dr. Bernardini Ramazzini, who lived from 1633 to 1714. I would like today to pay tribute to Dr. Ramazzini because he was one of the founding fathers of occupational medicine at a period in time when no one knew or much cared about diseases in tradesmen.

Although Bernardini Ramazzini was born into an educated, middle-class family of Capri, after obtaining his doctorate in medicine, he rejected the easy life and chose instead to go amongst the people of Rome. It was this exposure, early in his career that, in no small measure, influenced and molded his later life. It was during that period he was able to learn first hand the miseries and needs of the people, the vices and shortcomings of society; to perceive the necessity of interceding in favor of the downtrodden, forgotten by all; and to think of useful and necessary remedies, both from a social and industrial point of view.

In 1690, Dr. Ramazzini published his "De Morbis Artificum"—On the Diseases of Workers. It is interesting to note, that in reading "De Morbis Artificum," attention is drawn to the fact that the first chapters deal with laborers, the following chapters with artisans, farmers, et cetera. He treats, above all, the illnesses of the most humble. Undoubtedly, this category was at that time the one in greatest need of science to ameliorate living conditions, to remove suffering, privations, and troubles related to work, and to avoid causes of death and chronic diseases.

Dr. Ramazzini noted lead contamination amongst the craftsmen and artisans and, I quote him:

There's scarce any city in which there are not other workmen, who receive great prejudice from the metallic plague. Among such we reckon the potters; for what city, what town is without such as practice that ancientest of all arts? Now, the potters make use of burnt and calcin'd lead for glazing their ware; and for that end grind their lead in marble vessels, by turning about a long piece of wood hung from the roof with a square stone fasten'd to it at the other end. While they do this, as well as when with a pair of tongs they daub their vessels over with melted lead before they put 'em in the furnace; they receive by the mouth and nostrils and all the pores of the body all the virulent parts of the lead thus metled in water and dissolv'd and thereupon are seiz'd with heavy disorders. For first of all their hands begin to shake and tremble, soon after they become paralytick, letiargick, splenetick, cachetick and toothless; and in fine, you'll scarce see a potter that has not a leaden death like complexion.

Mr. President, Dr. Ramazzini throughout his lifetime worked to alleviate and illustrate the diseases of the workingman, for this modern medicine and the field of occupational safety and health, owe him a great debt. It is for these reasons that he shall long be remembered.

BIG BOMBER VITAMINS

Mr. McGOVERN. Mr. President, last week a member of the editorial board of the New York Times, Mr. Herbert Mitgang, summarized the issues involved in this year's debate on the B–1 bomber.

I was pleased to note that Mr. Mitgang drew in part on the report which Representative JOHN SEIBERLING and I prepared under the auspices of Members of Congress for Peace Through Law. One of the points we raised was that despite sustained efforts to depict the B–52 as an aging relic, it remains in fact a highly capable and formidable system. The 255G and H models in particular will remain operational into the 1990's, and they represent the most advanced truly intercontinental strategic bomber in the force of any country.

In fact, since the B–1 is presently scheduled to enter service in the 1980's, and since there is neither a plan nor a need to retire B–52G's and H's for the FB–111 at that time, the B–1 actually represents an enormous increase in the payload of our strategic bomber force. Our report calculated that it would go from some 20,816,600 pounds last year to 51,632,000 in 1984—an increase of 150 percent. No one has yet suggested why we need such a striking increase in our strategic bomber capacity in the 1980's.

Beyond this point, the article by Mr. Mitgang focuses on what may well be the main reservation of many Members of Congress about dropping the B–1—the impact on employment. He notes that:

Creating a W.P.A., bomber division, is a prospect not quite the same as the constructive public works projects of the nineteen-thirties. Yet it is a tough argument for Senators and Representatives to dismiss when jobs are at stake back home.

But the best evidence we have been able to assemble suggests that projects like the B–1 bomber do not create jobs but destroy them. And that is true even

in States where a major share of the work is being done. Almost any other public investment, or a tax cut, will create more jobs for the same money.

Further, as Mr. Mitgang properly asks:

Can the American economy be put aright by peacetime industry, labor and government or must it be missiled, submarined and bombed into prosperity?

Mr. President, I ask unanimous consent that the article I have described, "Big-Bomber Vitamins," be printed in the RECORD.

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

[From the New York Times, March 11, 1975]

BIG-BOMBER VITAMINS

(By Herbert Mitgang)

WASHINGTON.—At the Pentagon, the major general fondles a model of the bomber, lowers his voice in hushed reverence, and confides: "It flies like a dream." On Capitol Hill, a Congressman on the Armed Services Committee, observing that the plane is being sold as a boon to the economy, declares: "It's a flying pork barrel."

This week the Senate Committee on the Budget is taking a hard look at expenditures for present and planned military hardware. Vietnam and Cambodia are gone or going, détente between the nuclear powers is *de rigueur*, yet the defense budget comes close to $95 billion for the new fiscal year. The biggest long-term commitment is for the B–1 bomber. The fleet of 244 manned supersonic bombers, costing $84 to $100 million each, could eventually tote up to nearly $25 billion for this single weapons system. Just one B–1 costs more than the $67 million advanced by New York State to stave off a mass-transit crisis in New York City.

"We're not talking about old wars in Southeast Asia," the Air Force general says, "we're talking about national security till the year 2000, and beyond. The B–1 can give us selectivity and a flexible response—the conventional ability to control conflicts, to serve as an instrument of diplomacy, with the visible ability to help avoid mutual assured destruction. As an essential part of the triad of intercontinental ballistic missiles and submarine-launched missiles in our total arsenal, the B–1 can make it impossible for an enemy to defeat us. No way."

Militarily, the main argument against the B–1 as a nuclear deterrent is that it will get to the last war on the day of Armageddon five hours after it's all over. The report of the "Members of Congress for Peace Through Law" holds that the B–52—which dropped more metal on the nations of Indochina than was dropped in both world wars and Korea—can be kept airborne as a hedge against a "first strike" by the Soviet Union for the next decade.

But the Air Force regards the B–52's as "tiring giants, their majesty fading," and points out that B–1's could fly faster and carry nearly twice the bomb load. The first prototype was flown a few months ago and a second is undergoing extensive structural changes. The debate over the B–1 now going on in Congress involves funds for continuing research and development before the big production decision is made to start building the heavy-bomber fleet next year.

Powerful lobbyists for the military-industrial complex are rolling out the pork barrel as well as coming up with ingenious, ironical arguments. The B–1's engines are very "clean," an Air Force spokesman told the New York Rotary Club recently, and therefore the bomber is good "in an environmental sense." As for worrying about that delicate ozone layer already threatened by gases released from aerosol cans, the Rotarians were told not to worry—the B–1 will not "normally" fly in that region of the atmosphere. It sounded like a cheerful talk to the Sierra Club.

But the major pressure put on Congress is by the aerospace industry, which claims that the B–1 is the right vitamin for curing the American economy. "Even though the B–1 is being built in southern California," the principal contractor, Rockwell International, says, "suppliers and major subcontractors are located in 48 states. If the B–1 were put into full production more than 69,000 persons would be employed directly on the program and an additional 122,700 jobs would be generated or supported by the B–1 due to the economic cascade effect, for a total of 192,000 jobs across the country."

Creating a W.P.A., bomber division, is a prospect not quite the same as the constructive public-works projects of the nineteen-thirties. Yet it is a tough argument for Senators and Representatives to dismiss when jobs are at stake back home. Despite this, a turnaround in attitude is sensed here. Congress shows signs of resisting the Defense Department on a major weapons investment despite the high-flown rhetoric by the arms business and the brass.

Several Senators from aerospace country are changing their views and former Pentagon budget rubber-stamps are questioning the huge outlays for peacetime armaments. Senator Jackson of Washington now says that he has had serious reservations about the B–1 from the beginning. He urges Congress to look into other options costing billions of dollars less. Senator Stennis of Mississippi, chairman of the Armed Services Committee, has asked the Air Force to report on possible alternatives. And a number of influential Senate committee members see the fleet of B–1's as a fat target in the military procurement authorization bill. There is a willingness to continue research but not to commit the United States to a frozen cold-war weapon into the 21st century.

The fundamental issue runs deeper than the emphasis on particular military hardware: Can the American economy be put aright by peacetime industry, labor and government or must it be missiled, submarined and bombed into prosperity?

MINNESOTA ROAD IMPROVEMENT CONCERNS

Mr. HUMPHREY. Mr. President, the people of Minnesota are vitally concerned about our transportation system. Recently the Minnesota Good Roads, Inc., met in Washington with members of the Minnesota congressional delegation. The vice president of the Minnesota Good Roads, Mr. Larry Schaub, county engineer of Stevens and Traverse Counties, presented to Minnesota's congressional delegation an excellent address. His talk centered primarily on the needs of the county highway departments of Minnesota and some of the problems they are experiencing in trying to meet the needs of the people served.

Mr. President, I ask unanimous consent that the text of Larry Schaub's address be printed in the RECORD. I commend its substance to the Members of Congress. Larry Schaub has outlined some of the basic needs of rural transportation. I commend him for his excellent address.

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

ADDRESS BY LARRY SCHAUB

The greatest problem facing the county highway departments in the State of Minnesota is the lack of finances to give the type of service that the citizens we serve are requesting. The County Commissioners are beset with many more requests for road and bridge improvements than they are able to accomplish. It alarms us who are in county government to see articles appearing in newspapers and magazines stating that we have too many roads and that the country side is being paved over. In analyzing articles of this nature, it is obvious that the writers are proponents of mass transit, and I think that herein lies the problem.

Proponents of mass transit, in trying to plead their case, are downgrading the need for highways as a whole, and this is erroneous. First of all, in trying to recognize the true needs of Minnesota and the nation as a whole, we must talk about the needs of the urban areas and the needs of the rural area separately. The reason is that the needs are different. Mass transit definitely is needed and is feasible in large urban areas. Mass transit in rural areas, because of their not having a concentrated population, is not feasible except in very minor ways. The downgrading of highways that has been happening in recent years has been a direct blow to rural areas. Rural areas are absolutely dependent upon a good system of highways. It is true that we need improvements on our rail service. It is also true that our air service should be expanded to some of our larger towns, but the highways now and will in the foreseeable future carry the brunt of goods and people in the rural areas. A lot of work needs to be done on the mass transit systems in the cities, but I do not believe that that job should be accomplished at the expense of neglecting the highway system that serves the rural areas.

I would like some of those writers who are demeaning highways to tell the true story, and the true story would be that both mass transit and highways are needed. They must be compatible and co-exists with each other. In other words, it is not necessary to minimize the needs of highways in order to drive the point home that there is a need for mass transit. Diversion of funds from the highway user fund to other purposes is a nail in the coffin of the rural areas. Perhaps at this point I should elaborate on the needs of the counties in Minnesota to help give you an idea of what is happening to our road systems and what our methods of financing are.

In Minnesota there are two systems of roads under the jurisdiction of the county. The first is our State aid system, which has a total of 29,000 miles. The State gas tax supports a portion of this system, but by no means does it support all of it. It is necessary to use road and bridge levies, or the property tax, to help support this system. The other system of roads is the straight country road system, which has a total of 15,000 miles. This system is financed entirely by the road and bridge levies or the property tax.

This makes a combined total of 44,000 miles of roads that the counties are responsible for. The federal government helps finance a portion of the construction on our federal aid routes, but this is the smallest portion of our income. For example, Stevens County's portion of federal aid amounts to 6 per cent of our total yearly budget. In mentioning this, I do not want to minimize the importance of our federal aid—we need every bit that we can get and we are very appreciative of all that we receive. Revenue sharing has been of considerable aid to most county highway departments; however, some counties use this money for items other than highways, and this is as it should be. I mention this at this time because I want to make the point that

to some county highway departments it is a great help; but there are others that receive very little, and we cannot become dependent upon revenue sharing to answer our over-all revenue problems on highways.

The bridge problems we are experiencing in Minnesota have reached the critical stage. The recently completed federally financed program of bridge inspection, rating, and posting has revealed many obsolete bridges on our road system.

The county state aid and municipal state aid system of roads has a total of 3,785 bridges, of which 1,169 bridges are deficient. Money needs on these bridges amounts to $129,205,000.00. In addition to these, our straight county road system has a total of 1,496 bridges, with 439 of these in the deficient status. The money needs to replace these bridges amounts to $25,813,000.00. Combining these two systems of roads, we get a combined total of 1,608 deficient bridges under the jurisdiction of the counties. The total money needs amounts to $155,018,000.00. To tell the total bridge story one step further for the entire state, I quote the following figures which include state, county, city, and township bridges. There are 13,216 bridges within the state of Minnesota, with 3,672 of these being deficient. The total money needs on all of these bridges totals a staggering $418,783,000.00. Let me give you an example of what is happening around the state on county bridges. Using Stevens County, one of the counties I serve, as an example, we have 15 major bridges spanning the Pomme de Terre River. Of those 15 major bridges, 1 bridge is closed to traffic entirely, 3 bridges have a weight limit of 4 tons, and 3 other bridges have weight restrictions ranging from 10 to 12 tons limit.

We have only 8 bridges spanning this river that do not have weight restrictions. This is only an example of our bridge problem. Many of our counties have bridge problems far surpassing those that I have shown here in Stevens County. Obviously we have not kept pace with bridge replacements as we should have. Many of the bridges which were constructed in Stevens and Traverse Counties, which are the counties that I serve, were constructed in the early nineteen hundreds. While we have constructed some in recent years, we have barely touched the surface of what our bridge replacement program should have been. Lack of funds has, of course, prevented us from keeping pace with this program.

The bridge problem in Minnesota is only part of the over-all highway problem. You have all read or heard news or magazine articles such as, and I quote: It is a detriment to the country to see those ribbons of blacktop running all over the countryside. To the authors of such articles, I can only say, we should be so lucky. I have yet to run into one individual in either of the counties I serve who has expressed sentiment over having too many miles of blacktop road. The hue and cry in our counties is for additional miles of hard-surfaced roads.

It might surprise some of you to know that we have many miles of road that we just wish we could regrade to a modern standard, to help alleviate the snow hazards we encounter on the older type of road. To many people living in our counties, just having a snow-free road in the winter months would make them happy. It is a little difficult to convince our rural people that they have too many miles of good, improved roads. Incidentally, this brings to mind another misunderstanding on the part of some of the authors of those articles I keep referring to. That is, and I quote again: We have too many roads now and we don't need any more. I would like to respond to this statement by saying that probably we don't need more. But also, we don't need any less. What those authors don't understand is that almost all of our road construction is accomplished on the present rights-of-way with only a minimal amount of alignment changes and these done only to improve the safety aspect of our roads by enlarging curves, etc. We are not adding new roads, we are improving the old ones to a modern standard. At a recent meeting of a group of country engineers, I posed this question to them. Have any of you ever added any new miles of roads to your system of county roads?

Not one engineer present answered in the affirmative. All of them said the same thing I am saying here. And that is we are only improving the old road system. This is what the citizens are asking for. This is the message we hear almost daily.

Another problem that has caused a slowdown and almost a complete halt in some counties to their construction program is the problem of overlaying the blacktopped roads that were constructed in the early phases of our blacktop program. One can expect approximately 15 years life from a blacktopped road before it must be over-laid with a new surface. The blacktopping of county roads began for most counties about 20 years ago. We therefore have arrived at a stage whereby many of those roads which were constructed at that time must be resurfaced. Not only that, but those early standards of 5-ton roads have not kept pace with what has been happening with our rural economy. The need for a higher spring load restriction has increased enormously in later years. Due mainly to the heavy amounts of feed, fertilizer, and farm products which go daily to and from our modern-day farms—amounts which far surpass that which the road was originally designed to carry.

When these old blacktop roads are resurfaced, usually we place enough thickness of bituminous material on them to upgrade their load-bearing capacity as well. In our counties, we are upgrading our old 5-ton roads to 7-ton spring load restrictions at the same time we resurface them. Now, the problem appears when we do these projects, and incidentally they must be done to preserve what surface and load-bearing capacities we have, is that we must cut back on any new construction on other roads that have no hard surface at all. In fact, our entire construction program is set back. This includes the regrading of old roads I menitoned earlier and also postponing replacing many of the badly needed bridges. We must either resurface those old blacktop roads or let them deteriorate back to a gravel-surface road. At this stage. The county boards have been unwilling to let these roads deteriorate to this stage, and their decision to do this is amply justified. The public reaction of letting these roads deteriorate to this stage would be very negative. In fact, before these roads get into a situation that bad, and I'm talking about when they are in the stage of alligatoring, cracking, chuckholes, and the general breakup of large patches of blacktop, the public has not been too hesitant letting us know what they want and expect.

In any event, the cost of doing this resurfacing work is considerable, and the amount of new construction being done in our counties in recent years has been cut drastically.

Why are counties and all road authorities getting into such a financial predicament? The answer is simple. Our finances have not kept pace with the needs on our roads. Our entire system of financing highways is not set up to properly reflect the rate of inflation in our country. Our present state gas tax of 7 cents per gallon is a good example. This was last increased in 1967. There has been no increase since that time. Can you imagine what the total rate of inflation has increased to during that period of time? Construction costs alone increased 35 per cent in Minnesota during the year 1974. In addition to this, the counties have a levy limitation of 6 per cent on their total levy amounts, and this has hampered the county boards in that they cannot turn to their levies for much help. Incidentally, people in Minnesota do not care much for financing their highways out of the property tax, and they much prefer to pay the gas tax over the property tax when they are faced with a choice.

Compound the problem I have just mentioned here of not raising the gas tax with the problem of a decline in gasoline sales, and you can about imagine what is happening to our revenues. Summarizing what I have just said, No. 1, we have rising costs affecting both maintenance and construction. No. 2, we have no increase in the gas tax since 1967 for additional financing. And, No. 3, we are actually experiencing a decline in our revenues. No business in our country could long survive operating like this, and our road authorities are no exception. What is going to happen if nothing is done, is this. More and more of our construction dollar is going to be spent for maintenance, and we are not far from zero construction now. Then we will gradually experience a decline in the level of maintenance service we can give our people. This has already started in both of the counties I am serving and in other counties as well. When this level of maintenance deteriorates to the point where we can no longer accomplish our overlays, where there is a reduction of the gravel surfacing and going back to the mud, so to speak, unable to blade our gravel roads as often as we do, and when this happens chuck holes form and washboards appear, unable to open the roads which become clogged with snow in the winter as often as we do now, with more and more of our bridges being restricted and some closed to traffic entirely.

Can you imagine just what the public reaction is going to be? Gentlemen, this is what all of us are looking at, and we in the counties are looking at it right now. There is no direction we can go if no additional financing is forthcoming. Can you imagine the effect this will have on all of our rural transportation. Our trucking industry, the moving of goods to the cities and their markets? Can you imagine what effect this is going to have on our entire economy? In effect, we are going back 30 years in time. If we allow this to happen.

Let me tell you that the swing in this direction is rapidly accelerating. The following are some of the services that have already been cut back in the counties which I serve. We have curtailed the amount of roadside mowing which we do. We have eliminated all roadside weed spraying except for brush.

We have curtailed the amount of chemicals we use for snow and ice control in the winter months. We have reduced the amount of new equipment purchases in recent years, and in the long run this is going to catch up with us. We have already reduced the amount of regraveling on our gravel-surface roads, and this will have to be reduced further. Our maintenance and construction crews have been reduced. We have reduced the level of our snowplowing somewhat. We have reduced the collection of litter. There is little left to reduce without greatly affecting the driving surface of the roads, but we are fast approaching the time when we will have to do even this. When we do this, there is no doubt in my mind whatsoever what the reaction of John Doe the driving public will be. To put it very mildly, it's going to be very, very negative.

How important is our rural transportation system? Let me give you an example. In region 4 in Minnesota which is the region I live in, the regional commission listed transportation as their number 1 priority. You could take most of the regions in the State, and you will find the same result.

Why did those regional commissions, which

incidentally include persons from all of the counties in the region, list transportation as their number 1 priority? They did this for a number of reasons. They realize that there are many communities throughout the state that do not have an outlet during the spring load restrictions. Railroad abandonments and the shortage of box cars during critical times is another reason. They realize that the entire rural economy depends upon a good transportation system. Improvement of the rail service in the country would help considerably, but how do we get the goods to the railroads? I presently serve on the regional transportation committee in region 4 and also on the state-wide technical advisory committee, and time and time again we are faced with this problem. We recognize the need for a balanced transportation system, and this includes all types. The number one need for rural areas is for a good system of highways that is safe for travel and is unrestricted during the spring breakup. The spring road restrictions are necessary to protect the road but very costly to the consumer. This is an area that our urban dwellers have a stake in

Whether they realize it or not, they should be looking to the farmer as a partner in solving our nation's economic problems. Without the farms and without a good system of highways and railroads, the urban dweller would be in serious trouble. I believe that part of the reason for the crisis we are sliding into is that the urban area is not aware of the problems facing the agricultural community. The overdensity of our urban areas has necessitated a huge mass transit effort. The crisis arises from the simultaneous attempt to construct mass transit facilities and improve highway facilities with woefully insufficient funding for either. The population has been told by some groups that we need few new roads and that the highway trust fund is sufficient for both mass transit and our remaining highway needs. This is not true, and the facts I have alluded to previously in my talk bear me out. If our rural highway system is allowed to deteriorate, all persons, both urban and rural, will suffer.

I'm sorry that my talk here today couldn't have been on a little lighter note; however, I firmly believe that this story has to be told. Somehow we must get the message to the people of just what is happening to our rural transportation systems, and what this is going to mean to them in the future. The rural-urban fight has gone on far too long. We all have a stake in this, whether it be rural or urban dwellers, and the time has come when we must face the realities of our time and work together to solve these transportation problems confronting us.

Thank you.

IN SEARCH OF A PROMPT ECONOMIC RECOVERY

Mr. TUNNEY. Mr. President, I am extremely concerned that the work Congress is doing to reverse the present economic emergency may be frustrated by perverse Federal Reserve policies. Even as we prepare to take action on a major tax cut bill, there is no substantial sign that the Fed is willing to cooperate in the effort to reverse the rapid decline of economic activity.

I am deeply distressed that the Fed clings to a no-growth monetary policy and an obsession over the impact falling short-term interest rates may have on the exchange value of the dollar.

Although short-term rates have fallen in spite of rather than due to Fed policy, despite the fact that the dollar has declined mainly because of a dollar glut abroad rather than in response to domestic interest rates, despite the fact that long-term interest rates remain far too high to induce an upturn in investment—the Fed refuses to budge from its unwillingness to expand the money supply.

One wonders if the Fed's policymakers read their own press releases. Friday the Fed announced that industrial production had declined in February for the fifth straight month. Was there any recognition that this continuing decline necessitated prompt, remedial action? Was there any deviation from the Fed's traditional secretive, elitist modus operandi to take account of the latest bad news? No. None at all.

Mr. President, I believe that this Congress must do more than cut taxes and provide public service and public work jobs. It must also bring whatever pressure is necessary to insure that the Nation's supply of money is adequate to the job of restoring full employment. This means correcting the past failure of the Fed to allow money supply growth at adequate rates and assuring that future growth will be sufficient to encourage and sustain economic recovery. Make no mistake, if the Fed does not change its policies, we will be mired in economic stagnation for years to come.

Mr. President, I recently sent the Chairman of the Federal Reserve's Board of Governors a letter in which I outlined my views on the steps that must be taken to insure a prompt economic recovery. I hope that other Members will take the time to apprise Mr. Burns of their thoughts on this matter. Mr. Burns and his colleagues are agents of the Congress. If we do nothing to stop the Fed from exacerbating the problem or to encourage the Fed to become part of the solution, we must share in the responsibility for the consequences of the Fed's misguided policies.

Mr. President, I ask unanimous consent that a copy of my letter to Chairman Burns be printed in the RECORD.

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

Mr. ARTHUR F. BURNS,
Chairman, Board of Governors, Federal Reserve System, Washington, D.C.

DEAR MR. BURNS: Figures just released by the Federal Reserve show that industrial production has declined for the fifth month in a row. Unemployment continues to increase, even as hundreds of thousands quit the labor force in frustration. In my State of California, almost one million workers are unemployed due to the current economic emergency.

In light of these facts, I am deeply distressed over the Federal Reserve policy of prohibiting any growth in the nation's money supply over the past several months. During the Depression the Federal Reserve actually contracted the money supply, thereby inflicting incalcuable personal suffering upon millions of Americans. I believe a dramatic shift in present FED policy is needed immediately, otherwise, we may again slip into total economic disaster.

This letter is to urge in the strongest possible terms that the FED abandon its no-growth policies and move quickly into a clear-cut expansionary stance that will generate favorable expectations up and down the economy.

The FED should foresake its traditional secrecy and announce its intention to create a large, one-time increase in the money supply of $8 billion by no later than May 1, 1975. The FED should simultaneously announce its firm intention to maintain monetary growth rates of 6 to 8 percent until unemployment reaches 5.5 percent, subject to the caveat that higher growth rates will be maintained if long-term interest rates do not soon begin significant declines.

In light of your recent testimony before the Senate Budget Committee in which you stressed primary concern over trends in government expenditures, the exchange value of the dollar and other issues not related to the present economic emergency, I would like to remind you that the Federal Reserve Board is a creature of the Congress. It is obligated to execute monetary policy in a fashion consistent with the mandate of the Employment Act of 1946 to ensure maximum employment opportunity for all Americans.

I hope you will reflect upon both the urgent tone and substance of this letter for I believe that this nation can not and will not long tolerate a monetary apparatus whose policies contribute more to the problem than to the solution.

Sincerely,

JOHN V. TUNNEY.

S. 1203—HEALTH SERVICES AMENDMENTS OF 1975

Mr. JAVITS. Mr. President, I am joining in the introduction with Senator SCHWEIKER, on the request of the administration, a bill to consolidate various separate project grant authorities: Alcoholism, drug abuse, health services for domestic agricultural migrants, family planning services, information and research, and support for other selected health services programs.

The bill also would extend the formula grant programs under the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and the Drug Abuse Office and Treatment Act of 1972.

I am pleased that the administration has chosen to recognize the importance of continuing these programs. However, I cannot support the reduction in the formula grant authorization levels, nor the shifting of funding support through consolidation under section 314(e) of the Public Health Service Act for alcoholism and drug abuse—as contrasted to the congressional mandate for the continuation of carefully articulated and necessarily separate categorical programs.

My deep concerns about the administration's view with respect to the consolidation under section 314(e) of the Public Health Service Act of various categorical programs was set forth in the last Congress. I ask unanimous consent that the full text of those comments be printed in the RECORD.

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

[From the CONGRESSIONAL RECORD, April 18, 1973]

By Mr. JAVITS (by request):

S. 1632. A bill to extend for 3 years the programs for comprehensive State and areawide health planning, and for comprehensive public health service and health services development, and to repeal a requirement that at least 15 per centum of a State's formula allotment for

public health services be available only for mental health services. Referred to the Committee on Labor and Public Welfare.

EXTENSION OF PARTNERSHIP FOR HEALTH

Mr. JAVITS. Mr. President, I am introducing at the request of the administration a bill to extend, with some modifications sections 314(a), 314(b), 314(d), and 314(e) of the Public Health Service Act for 3 years.

314(A) AND 314(B)

Secretary Weinberger in his letter of transmittal states:

"Although we propose to extend the legislation under which we foster comprehensive State and areawide health planning, we do so with awareness that the comprehensive health planning system is beset with weaknesses that interfere with its effectiveness."

He further says:

"Moreover, Federal implementation of program requirements has not been effective to assure an open public planning process or consumer participation in that process. The degree to which some CHP agencies are accountable to the local public has therefore been compromised."

The Secretary's stated concern that the comprehensive health planning system is afflicted with some weaknesses that interfere with its effectiveness is shared by the Congress. It was a motivating factor in limiting CHP extension under the recent Senate passed omnibus extension of expiring PHS programs (S. 1136) to 1 year. I am concerned that by proposing a 3-year CHP renewal, the administration suggests that instead of Congress working its will in improving and rationalizing CHP the Congress rely upon HEW's ability to, and I quote:

"Allow us to improve and redirect CHP through greatly improved management."

I believe it would be more appropriate for the administration to send up a legislative proposal which seeks to assess ways in which the planning process can impact most favorably on the health care system and determine the potential applicability to CHP on a national basis of the activities now under way in various States with regard to facility certificate-of-need and rate setting procedures. I believe that Congress would welcome the opportunity to work together to attain that desirable goal. Let us work together in overcoming CHP weaknesses, building upon CHP strengths, and thus improve State and regional capacity to conduct effective health planning.

314(C)

I am also concerned that the bill does not seek an extension of the program of project grants, contained in section 314(c) of the Public Health Service Act, for training, studies, and demonstrations in the health planning field. The Secretary charges:

"Our experience with these grants is that they have not contributed materially to the overall competence of the health planning process."

He also alleges persons who wish to pursue graduate training in health planning can be assisted through alternative sources, suggesting that there is available the student assistance programs of the Office of Education. When the allegations are proven and the evidence is in regarding alternative financial resources, will be a better time for decision on the merits of repealing section 314(c).

314(D)

I am also concerned that the bill, while extending the 314(d) program of grants for comprehensive public health services, repeals the provision that earmarks 15 percent of a State's allotment for State mental health agencies for the provision of mental health services. I do not know of data which would convince me that some States may not seek to escape their responsibilities to their mentally ill citizens. Unfortunately, this is all too often the case.

My deepest concern, however, is the administration's view in support of the extension of the authority to make project grants for health services development, section 314(e) of the Public Health Service Act. The administration proposes to consolidate support for the other health service programs under this authority, rather than continuing other congressional health program authorizations. Examples are migrant health activities, population research and family planning programs, and lead-based paint poisoning research and control efforts. In essence, a determination to utilize section 314(e) of the Public Health Service Act for funding programs the Executive chooses to support. I am concerned that the Executive has failed to recognize what Congress has made crystal clear in regard to such proposed action. Only last year, the Congress passed and the President signed into law, Public Law 92-449. The legislative history of section 314(e) is enunciated in Senate report 92-235, where in discussing this section of the law, it cites the House Committee on Interstate and Foreign Commerce in its report on the Communicable Disease Control Amendments of 1970:

"In each of its budget presentations each year since the enactment of section 314(e), the Department of Health, Education, and Welfare has earmarked specific amounts of the 314(e) fund request for specific programs for the coming year. In other words, the categorical grant approach has continued since the enactment of Public Law 98-749, except that instead of the Congress setting the categories, the categories have been set by the Department of HEW."

I believe we must restore some control to Congress of the categories of health programs for which project grant funds are to be made available.

The Senate Labor and Public Welfare Committee in respect to this matter in its report on the Health Services Improvement Act of 1970 stated:

"The Committee notes with concern the Act that a large proportion of the programs funded under section 314(e) continue to be too narrowly focused rather than focused upon the broader area of the organization and delivery of health services.

Mr. JAVITS. Mr. President, I recently joined in introducing with Senators KENNEDY, WILLIAMS, and SCHWEIKER, the "Nurse Training and Health Revenue Sharing and Health Services Act of 1975" (S. 66). The Labor and Public Welfare Committee has favorably reported this bill which responds in a contrary methodology to the administration's consolidation approach. I believe that the committee reported bill provides the appropriate answer. Congress should determine the categories of health programs for which project grant funds are advisable and should be made.

NATIONAL ECONOMIC POLICY PLANNING—ESSENTIAL TO OUR NATION'S FUTURE

Mr. HUMPHREY. Mr. President, a question central to the future of our Nation is now coming to the forefront: namely, do we wish to exchange "crisis management" for "long-range policy planning" at the Federal level of our Government?

As the number and magnitude of various national crises become more and more frequent and devastating in their impact on our national economy, and on the lives of our Nation's people, it is becoming increasingly evident that our national Government will have to adopt some type of policy planning process for dealing with national economic and related policy questions.

Two articles—one appearing in Challenge magazine, and the other in the New York Times—were recently published regarding this important national subject, which I would like to share with my Senate colleagues and others. The article appearing in the March-April 1975 issue of Challenge magazine is an interview I granted to a reporter from that publication on the subject of planning national economic policy. The article appearing in the Sunday, March 16, 1975, edition of the New York Times relates to a proposal being made by the Initiative Committee for National Economic Planning, a newly formed group headed by Prof. Wassily Leontief, a Henry Lee professor at Harvard University, and Mr. Leonard Woodcock, president of the United Auto Workers.

Mr. President, I believe that my Senate colleagues will find both of these articles of interest. I ask unanimous consent that they be printed in the RECORD.

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

PLANNING ECONOMIC POLICY

(Interview with Senator Hubert H. Humphrey)

Q. You are the author of The Balanced National Growth and Development Bill. You have said about this bill: "I consider it to be the single most important piece of legislation in my twenty-five years of public service." Why?

A. Because the government of the United States requires an effective planning mechanism, and, except for the annual budget, it has none. Yet the activities of the government of the United States have an immense effect on economic decisions and economic development. The federal government spends over $300 billion a year. How it spends it, where it spends it, when it spends it, and how it finances it, have a distinctive effect upon the structure of the economy and the pattern of economic growth. The same is true of state and local governments. We have a multiplicity of governmental agencies—thousands of them throughout the states and the localities—but there is no planning to integrate their activities. Therefore, I believe that we must find a way to coordinate all the plans and programs that are now made in such a disjointed fashion.

I also want to see our country adopt some long-range goals. I believe that the only way we can achieve these goals is to establish a set of priorities that generally determines how we allocate our resources within definite time periods. I also believe that we have to know not only what the federal government is going to do, but what state and local governments can do and are willing to do, and what the impact of governmental decisions will be on the private economy.

The framework of my bill would require a sort of national planning console, or what I call The Office of Balanced National Growth and Development. That Office, within the Executive Office of the President, would consist of what today are scattered parts of the government, which would be brought into synchronization. The Office of Management that Budget and the Council of Economic Advisers, for example, would become part of the Office. Then there would be a counter-

part in the Congress, a Joint Committee on Balanced National Growth and Development. There would also be eight to twelve regional offices working with the national office in a decentralized setup to encourage feedback from the regions. The regions, in turn, would be in touch with the states and localities in their areas. I do not want planning, as I envision it, to be inflexible. I want planning in the sense of a set of guidelines. I want planning that will give us some alternative projections. I do not want a governmental agency telling me how I can live, but I do want a governmental agency bringing to bear what information we have on how the economic factors in our society will influence how I live.

We haven't had peacetime planning in this government since the National Resources Planning Board was abandoned over thirty years ago. This was an effort to look at total national development: the availability of resources, both physical and human, and how those resources might be used. Today the only departments of government that plan are the Department of Defense and the Highway Department, and both of them get money.

Q. You refer to the development of economic goals. How would you go about defining these goals and deciding which ones the country should pursue? And how would you induce private industry to conform to them?

A. I would not depend upon Washington to have all the wisdom. If you're going to define goals, you have to reach out into the community. That means that you talk not only with public officials at the local and state levels, but you also consult and work with the labor, business, academic, and all other segments of society. They would have to be brought into the preparation of plans of action. You could, for example, have people at the Washington level lay out what they believe to be proper goals and then subject them to research, explanation, dialogue, debate, discussion—a process that would result in modifications of the original proposals. Even if we only went as far as state and local governments, I think we would get a much better picture of where we want to go.

For example, how much urbanization does our society really want? What do we consider to be the optimum size of the city? What population levels give us the best in terms of cost-effectiveness programs and living conditions? Surely we can find out. We're able to use the think tank approach in judging the effect of various international or defense policies. I suggest that we ought to make projections in the social and economic areas as well.

One other thing that I would do, just a simple thing. As a result of our interest in the environment, every time anybody today decides to carry out any construction or make any major change in the physical face of our country, we require that environmental impact statements be filed. I think that's helpful; it's a part of the planning process. But we don't have any economic impact statement for governmental decisions. The government goes around willy-nilly making decisions of consequence. There was no estimate of the economic impact of the Occupational Safety Act, for example. I happen to be for the occupational safety program, but what were its economic implications? Did anyone think that through? No. Did anyone think through the economic implications of selling off to the Russians a half-billion bushels of wheat from our reserves? No. We treated that sale as if it were a separate business transaction, totally unrelated to the supermarket, totally unrelated to the consumer price index, totally unrelated to our national security, totally unrelated to anything else except the cash sale. Now it seems to me that we need to have planning mechanisms within government that give us some way to measure what the impact of such decisions might be. Not with a precision that can't be obtained, but we ought to have the general picture.

Let's take a look at transportation as another instance. What do we think our country's transportation needs will be between now and the year 2000? Surely we can make some projections. Through private agencies, foundations, and research groups, we're projecting how many people will be living in cities, how many people will be living in the countryside, what the gross national product will be, indeed, what the per capita income will be in the year 2000. Having done that, has anybody really planned how we are going to move all the resulting commerce? We go along haphazardly with programs in the Congress like the pouring in of billions to bail out the Penn Central Railroad without any regard at all to the full transportation needs of this country, not only considering commerce but considering the quality of life as well.

Q. You talk about making projections, but are projections enough? Suppose we study the transportation industry and set goals for that industry so that we will have adequate, efficient, comfortable transportation by the year 2000. What measures do we have to take to influence the automobile industry, for example, to conform with these publicly decided policy goals?

A. This is where tax policy comes in. Where, in a time of shortages, resource allocation policy comes in. Where energy policy comes in. I don't think we ought to compel, but we surely can influence. And may I say that what we've done is let the automobile industry decide where we are going to live rather than letting the country decide. The whole development of outlying factories in the countryside is a product of the automobile industry. This is a peculiar time. People who live in the cities work in the country and people who live in the country work in the cities. Many of the industrial workers in the Twin City area live in the center of the city and work thirty miles out of town. The bankers, stockbrokers, insurance salesmen, and real estate agents live thirty miles out in the country and work in town. The automobile has done this. We have permitted ourselves to be victims of four wheels with a four-hundred-horsepower motor at a time when we really shouldn't require four wheels for every trip, and surely we don't need four-hundred-horsepower cars.

What can government do about it? Government can do a lot about it. For example, the size of automobiles, and consequently energy consumption, can be influenced a great deal by taxing cubic displacement, horsepower, or weight. A tax will slow down purchasers of large cars and give a premium to small-car buyers and buyers of cars with high fuel efficiency. Government can also influence industry by giving an investment tax credit to companies that produce fuel-efficient automobiles. These are just two ways in which government policy can influence the private economy.

Also remember that government is a large purchaser of goods and services. Everybody else fades into insignificance in comparison. From the viewpoint of purchasing power, General Motors is a peanut stand compared to the United States government. If the government puts its own house in order by planning its own needs and resources, it will have a tremendous positive impact on the development of our country, regardless of what may happen in the private sector as a result of direct controls.

Q. What do you think the chances are for the acceptance of this kind of program? Will we turn to planning some time in the dim future, or will the present Congress start looking in this direction? Will planning develop piecemeal, or will the organization structure, as outlined in your bill, be enacted at one stroke?

A. The truth is that we are approaching it piecemeal. We have a piece of it in the Budget Reform Act. We have a piece of it in the National Commission on Supplies and Shortages. Part of it exists in the General Accounting Office in some of its analysis. There's more of it in the Office of Management and Budget. The Joint Economic Committee is spending more time at it. It's an idea whose time is coming. And like most things in this country, it will come because of distress. If we get into serious enough economic trouble, we'll start to take a good look, not only at how we tax people and at what kind of Social Security benefits we give, but at the structure of government and at the structure of our economic system.

The first thing we need to do is get rid of the deadwood and the unnecessary instrumentalities by consolidating the functions and offices that duplicate each other. We also need to present the budget in the context of five-year planning. We don't like the word planning in this country. But planning is done by private industry, and the time is now approaching, given the size of our federal budget and the size of our present and projected national debt, for us really to take a look at planning. What are we going to do with the money we have? After all, we can't do everything at once in government, any more than you can in your family. You have to make choices; you have to put things within a time frame.

We already know how to plan; we planned the space program. I think the benefit that we got from space development was not just the fantastic technology of the computer, the reconnaissance satellites, the new metals, the new products, the medical breakthroughs, the weather satellites, and all the marvelous things over and above the excitement of going to the moon. The moon flight—that was window dressing. What we got out of the space program was an experiment in planning. We set down an objective, a goal. President Kennedy said: "We'll put a man on the moon and bring him back to earth safely." That was the goal. Then we set a time frame, and that was a decade. Then we said the project will cost about $30 billion, and we agreed that that's about what it would cost. Then we said, we'll do this in three stages, and we established the Mercury Program, the Gemini Program, and the Apollo Program. And then we proceeded to set up within the government a planning agency—that's what NASA is. NASA didn't build the satellites; NASA didn't fly to the moon. NASA was the organizational structure—it was the planning agency. And above that was a superior planning body to bring in all the domestic and international and security facets, called the Space Council, which I was privileged to chair as vice-president. So what we did was to set goals, to establish a schedule, to set up a planning organization, to establish a budget, and to bring about the cooperation of government and private business. We know how to plan. The question is, are we willing to do it for our domestic economy?

Q. I want to ask you one more question before we leave the subject of planning. For many people, particularly businessmen, planning has the connotation of something nightmarish—socialism, regimentation, authoritarian government. How do you propose to get over this psychological block? How can people learn to look at the need for economic goals or economic balance without recoiling in terror when the word planning is mentioned?

A. The business community generally is very pragmatic. It understands cost accounting, profits and losses; it understands investment policy, and sales and production. I think that we've got to demonstrate to the business community that the manner in which we are presently utilizing government resources and government agencies is a haphazard, helter-skelter enterprise. I think we can do it. But I think we have to get around to specifics. For example, I'm a great supporter of the hospital construction program in this country, the Hill-Burton Act. I've spent a lot of time in public life promoting it. But do you know what we did? We built more hospital beds than we needed. We built hospital beds in places where they weren't needed and we're short of hospital beds in places where they are needed, because there wasn't the kind of overall planning that was necessary. We didn't plan the hospital construction program with an eye on the new techniques of modern medical care, on the fact that hospital stays are shorter, on the fact that the public has greater mobility, on the fact that we don't need a hospital in every town and every community. It's clear that there was a lack of planning. Now we can show to pragmatic people—people who are financiers, who understand corporate budgets, who are corporate managers—we can show that with some planning in our government, just a modest amount, a little more than we're doing, we can reduce governmental costs and get better governmental services.

Then you've got to start talking about this on radio, television, and in magazines like *Challenge*. The job of a man in politics is not merely to react to what people tell him, but to come up with ideas that create an environment in which he can legislate. I believe that there is a great need today for people in politics to face up to the fact that we're poor managers and that we've got to change our system of management. Not our system of government, not our system of economics, but our system of managing resources. The average person knows he has to plan if he wants to build a house. He has to plan how he's going to finance it. Over how long a period of time will he pay for it? Does he have to give up a summer vacation? This is planning. The government doesn't do it, and the government is the people in government. Legislators like myself, because there are no guidelines, because there are no priorities, because we don't have any defining goals, each of us scrambles every day to get his own little thing done. The result is that we try to do everything at once and we do most of it poorly.

I happen to be one who believes that we ought to have a system of national health insurance. What kind of system is debatable. But if today everyone of us had a card that said he or she could enter any hospital, that he or she could go to any doctor and the expenses—or at least a large proportion of them—would be covered, the whole health care profession in this country would be in utter chaos. We are not ready. We've got to plan out-patient clinics; we've got to plan neighborhood clinics; we've got to plan for the radiological treatment centers. We've got to plan the number of nurses, doctors, and paramedics needed. Health care is more than just an insurance policy. You could have an insurance policy out in the middle of the Sahara Desert to cover all your medical expenses, but if you've got no doctor, no hospital, what good is the policy? So we must look down the road and plan it.

Q. You have a bill for a National Domestic Development Bank. This bank would make credit available to local governments, state governments, and businesses at lower rates of interest and on easier terms than those prevailing in the market. The idea is reminiscent of the Reconstruction Finance Corporation. What would the Development Bank's relationship be to the private banking system? Would it simply bail out firms like Penn Central or Lockheed, or would it have something to say about the policies of those corporations?

A. My proposal for a National Domestic Development Bank has as one of its many purposes the kind of financial assistance that was offered by the Reconstruction Finance Corporation. It refinanced industries, railroads, utilities, and so forth, that were in current financial difficulty. It did not seek to bail out losers. If the bank did give assistance to large corporations like Penn Central or Lockheed, that bank, like any private bank, would have to have certain stipulations that would have to be met. That's just good banking practice, and if it's looked upon as government interference, then the answer to that is: don't ask for any help. When you ask for help, you must accept some degree of review and direction.

But that's only a minor part of my proposal. I believe that the major purpose of the National Domestic Development Bank is to provide long-term financing at reasonable rates of interest for the public infrastructure, for a host of things that communities need for their development. The average municipal bond in the United States matures in about twelve years. That is far too short a period of time. We ought to be looking to public facilities with a life span of anywhere from thirty-five to fifty years, and therefore we need long-term financing. The National Domestic Development Bank would not replace the private financial structure—it is supplemental. It is not designed to supplant; it is designed to take up greater-risk loans and to give longer and better terms of credit.

If we wanted to capitalize this bank at $5 billion, let's say, we could do that over a ten-year period with a $500 million appropriation from the Congress each year for a period of ten years. A capitalization of $5 billion could result in a loaning capacity of about $200 billion. Or if we wanted to tighten it up, we could make it a loaning capacity of about $150 billion. Imagine what that would mean in this country for the modernization of some of our downtown areas. Imagine the difficulties we could avoid by bypassing the annual appropriations process. We waste hundreds of millions of dollars every year by late availability of money. Urban development plans are under way. They get topped because of the lack of appropriations. Huge port projects, levees, and flood-control efforts are stopped right smack in the middle because there is no money. The Congress didn't get around to appropriating it or the Congress didn't appropriate as much this year as it did last year. You have to lay off part of your work force, you have to set aside part of your machinery, and the government has to pay damages. If we go on the banking principle, then we project a long-term cost and we prorate it. Why should we have to pay for a dam that will produce hydroelectric power for the next forty years out of several separate annual appropriations? If private industry did that, we'd still be selling our goods out of the back of a wagon.

Q. I want to turn to the subject of stagflation, or simultaneous recession and inflation. Do you think there's a way out using conventional monetary and fiscal policies alone, or must we supplement them with wage and price controls?

A. The main problem today is recession, and I happen to believe that recession feeds inflation. Inflation in the present instance is partly due to reduced productivity and to administered prices. It's not demand inflation, it's cost-push inflation. When you have a large number of people out of work, you find industry increasing its prices or maintaining high prices in order to shore up profits even though the result is reduced sales. You also find workers who are fearful that they're going to be the next to lose their jobs and who therefore decrease their productivity, lest they produce enough to make themselves redundant.

You do not control inflation by unemployment because to do so is to be ineffective and inhuman. That kind of economics went out with bleeding. And if you're going to do that kind of thing, you ought to put a barber pole in front of the White House rather than a gate and tell people that you've got eighteenth-century doctors there rather than twentieth-century physicians. What we need is a variety of treatments for an economy that is in trouble, just as we have a variety of treatments for a patient who is in trouble. That takes a balance between fiscal policy, monetary policy, and governmental intervention in jobs policy. Today there's pretty much agreement in the government that we need a tax reduction. The question is, how much, and who shall get the benefits? If the tax reduction doesn't go to the lower and middle income groups in the main, then you lose the stimulus, because these are the purchasers.

Q. Senator, if you stimulate the economy now without wage-price controls, how are you going to be sure that the stimulus doesn't end up in more inflation instead of more production?

A. I think you have to monitor the economy very carefully, and that's why the so-called Wage-Price Stability Council, which I termed the toothless tiger, has to be given some teeth. It has to have subpoena power so it can look at records—profits, investments, wages. It has to have the power of selective price and wage controls. It has to have the power to hold back a price or a wage increase for a period of time in order to examine what its impact on the economy will be. I don't think that you can just plunge in with tax reductions on one side and easing of the credit and money supply on the other.

Q. You are co-sponsor of the Equal Opportunity Employment Act which is sponsored by Representative Hawkins and others in the House. This bill calls for full employment—not 5 percent unemployment, but employment for everybody who wants a job. One view among economists is that this kind of full employment is inflationary and that you simply can't have it. If this bill becomes law and everybody is guaranteed a job, how do you think you are going to control inflation under those circumstances?

A. I wouldn't argue with these economists because it wouldn't do any good. I'd send them to Germany and I'd have them take a look at the record of Germany for the last ten years. The Federal Republic, where they've had reasonably full employment in recent years, has had the lowest rate of inflation of any industrialized country. How did the Germans do it? Why don't we go and find out? Why should we sit here and write treatises about it? Why don't we go over and find out how they did it? There are a lot of things that they've been doing that we might try. They have labor-management councils; they have productivity teams in their factories; they've had very careful balance between monetary and fiscal policy; they've had some planning on exports; and they know what they want to accomplish. The Germans are an industrious people, but, more than that, they are a planning people. It goes back again to careful monitoring of the whole economy. I've listened to all this baloney about full employment bringing inflation and I've been told that it's inevitable. But in the two countries where they have had full employment, Japan and Germany, there was less inflation than elsewhere. The inflation that's hit Japan and Germany of late is

due to the energy crisis, not to full employment. As a matter of fact, there's been more inflation in Germany since they've had unemployment. So I take on all of these economic theorists and tell them that rather than argue about generalities, why don't they go out and look at a particular case?

Q. Senator, there are a lot of people in Congress now who would like to do many of the things that you've proposed today. Can Congress lead while there's a conservative administration that balks at such ideas?

A. Will Congress pass a bill like the Equal Opportunity Employment Act? I'm not sure. But I know that in order to get something done, you have to start educating people. I proposed Medicare fifteen years before it was adopted, and I proposed the Civil Rights Act fifteen years before it was adopted. I proposed the Peace Corps five years before it was adopted. I proposed the Arms Control Agency five years before it was adopted. But I kept at it. I am the original author of the Food Stamp plan in Congress. It covered only six counties when it started, but we got the seed planted. Even if we could pass the Equal Opportunity Employment Act of 1975, I'm sure that the administration would veto it, and I know we wouldn't have the votes to override the veto. But that does not deter me. I think that we've got to offer hope to the American people. I believe that we've got to educate the public to understand that costs are not merely what the government spends, but costs are also what happens to individuals within the social-economic structure, and to the total economic fabric. Isn't it interesting that we know how much it costs for a public service employment program but we don't know how much it costs to have people unemployed? We know how much it costs for federal aid to education, but we have no way to measure the cost of being unable to read. We know how much it costs for the National Cancer Institute, but we don't know what it costs, either in pain or money, for people who are the victims of cancer. If the government can make an investment in things that help the people and relieve them of other costs, the benefits should be at least equal to the expenditures, and often they are many times greater.

I wonder how people can estimate to you and to me today what the cost of six to eight million people unemployed in this country is. We can figure out what its cost would be in gross national product. That's one measurement. We can figure out what its cost might be in the loss of personal income. We can figure out what its cost would be in local, state, and federal revenues. But that's just part of it. What happens to people's homes? The mortgages that they can't pay? What happens to the credit card accounts that they can't pay? What happens to their children? What happens to their families? To their lives? What happens to their morale? What happens to their belief in the country? How do you measure those costs?

I'm an educator, essentially, and I also, may I say, try to be a leader. I believe that what I'm taking about with respect to full employment—not necessarily this piece of legislation, which may not be all that it ought to be—what I'm talking about is that a person has a right to have a job in which his or her talents can be utilized, a job that can result in meaningful work. I think this is an absolute basic right in this country that has to be established by law. It's the new civil right. Civil rights today are no longer in the courts alone, they're in the marketplace. No man is free, no woman is free, who's been told that he or she is not needed, not wanted, and that's what unemployment is. Unemployment is the social decision that says, we don't need you, drop dead. And I refuse to buy that.

[From the New York Times, March 16, 1975]

THE CASE FOR GOVERNMENT PLANNING—THE ECONOMIC SHIP MAY RIGHT ITSELF, BUT SOMEBODY IS NEEDED TO STEER

(NOTE.—The following proposal was made recently by the Initiative Committee for National Economic Planning, a new group headed by Wassily Leontief, the Harvard University economist, and Leonard Woodcock, president of the United Auto Workers.)

Few Americans are satisfied with the way in which the economy is now operating. Unemployment is increasing and prices are rising. Inflation in the United States has become a source of instability in the world at large. No reliable mechanism in the modern economy relates needs to available manpower, plant and materials. In consequence we have shortages of housing, medical care, municipal services, transportation, energy, and numerous other requirements of pressing importance.

We have not made it our business to foresee these critical problems and to take steps to forestall them. We do not plan. But in a modern economy, planning is not a matter of preference or ideology. It is one of immediate need. In its absence we will all suffer. This suffering is avoidable.

We therefore urge that provision be made for planning at the highest level of the United States Government and through regional, state and local units of administration. This effort must be backed by education, by the widest public discussion of the methods and objectives of planning, and by full public participation in the planning process.

We believe that economic leadership must be exercised in a new way through an Office of National Economic Planning. This agency must be in a position to perceive our country's economic and social needs now and for many years to come and to provide the public, Congress and the executive branch with alternative plans of action—not only to enable us to avert hardship and disaster, but to guide the economy in a direction consistent with our national values and goals.

Planning is neither strange nor unfamiliar. Every individual and business plans for the years ahead. Our space program is a good example of planning in its most sophisticated and successful form. It also illustrates the magnitude of the effort that must go into national economic planning.

Nevertheless, the principles are simple. First, from a set of feasible alternatives, a definite and realizable goal was decided upon: to carry a man to the moon and bring him back to earth. This required setting up a long-range program to fulfill the mission. All the necessary information had to be gathered in a consistent and useful form. Then, step by step, the program had to be carried out in the required sequence, the results monitored, and corrections made whenever necessary.

Just as it would have been impossible for a man to go to the moon and back by accident, it is impossible for us to achieve our economic objectives by accident.

But the most striking fact about the way we organize our economic life is that we leave so much to chance. We give little thought to the direction in which we would like to go. We make no consistent effort to balance different parts of the economy. We do not attempt to ensure that resources are allocated to meet our most urgent national needs. In fact, we know that they are not so allocated.

Instead of systematically trying to foresee the needs of the nation in years ahead, we have dozens of separate, uncoordinated agencies making policy in this area and that, without any thought of how it all fits together. We have over 50 Federal offices collecting economic data, in most instances insufficiently detailed, frequently obsolete, often contradictory and incompatible.

A single office is responsible for setting appropriate standards and bringing these data together so that they can be used to pursue coherent national objectives. We make economic policy from quarter to quarter or year to year without any perspective on where the economy is going or where we want it to go.

The mere cataloguing of these problems discloses the inadequacy of our present economic techniques. We therefore recommend that the Office of National Economic Planning be established with these features:

Plenary power to accumulate and analyze detailed economic information from all sources.

A mandate to examine major economic trends and work out realistic alternative long-term economic programs for periods of 15 to 25 years, to be submitted to the President and Congress.

A mandate to work out alternative plans of intermediate length, such as five or six years, to be submitted to the President and Congress, designed to carry us toward our long-range objectives.

Responsibility to specify the labor, resources, financing and other economic measures needed to realize these programs and plans.

Needless to say, all programs and plans must be periodically reviewed and revised as changing circumstances require.

Let us examine how the planning office would go about its work. Its function would be to develop programs in specific areas where they are discernible national needs, Energy, transportation and housing are obvious examples. But it is clear that a planning office cannot look at energy alone, transportation alone, housing alone, or at any other sector of the economy in isolation. All these sectors interact, draw on scarce resources, require definite numbers of workers with specific training and require financing.

Above all, planning is a way of looking at economic problems as a whole, providing the information needed to set explicit priorities in the use of resources, and guiding all sectors of the economy toward the attainment of our chosen goals. A planning system must balance resources with needs, set goals that can be realized, and inform the public what the choices really are.

The heart of planning is to go from information to action. Most of the action in the United States economy takes place in the private sector. Democratic planning is not a substitute for a decentralized economy nor does it replace the millions of private decisions that are made in the market every day. Rather, to reach democratically chosen objectives, it influences those decisions with a consistent set of economic techniques.

The means of influencing those decisions are already familiar to us. Some, such as tax incentives and disincentives, and traditional monetary and fiscal policies, influence individual actions indirectly. Others, such as selective credit controls, guidance of basic capital flows, limits to the use of air, water and land, and mandatory resource allocation, affect individual actions directly.

All these measures have been used at one time or another by the Federal Government, but—save in World War II—in a haphazard fashion, with no view to their overall effect. The purpose of planning is to provide that view.

It should be clear that the planning office would not set specific goals for General

Motors, General Electric, General Foods or any other individual firm. But it would indicate the number of cars, the number of generators and the quantity of frozen foods we are likely to require in, say, five years, and it would try to induce the relevant industries to act accordingly.

One of the best persuaders available to the planning office is information. The flow of goods, services and money from one industry to another can be grasped in great detail through the use of input-output and other programing techniques. The planning office can provide a continuous stream of detailed information about how various sectors of the economy mesh—and are expected to mesh in the future—enabling individual companies, as well as Federal, state and local governments, to make enlightened and coherent decisions about production and consumption.

In order to be effective and useful, an Office of National Ecoonmic Planning must be set up at the center of our economic and political life as one of our most influential institutions. To provide leadership at the highest level, we propose the establishment of such an office within the White House, provided with sufficient funding and supported by a professional staff large enough to carry out its many functions.

The director of the new body should be designated as the chief adviser to the President for economic affairs. The office should oversee the implementation of the national economic plan within the executive branch. Accordingly, the membership of the board of this office should be composed of high Administration officials and be supported by an advisory group representing the best talent of business, labor, farmers, consumers, minorities and other sections of society.

We also propose that the President's Council of Economic Advisers be made a part of the office and continue to concentrate on short-run problems of full employment and stabilization, usefully supplementing the long-run concerns of the office.

It goes without saying that the final choice among all feasible alternative planning objectives and programs belongs to Congress and that the execution of all laws embodying planning policy is the responsibility of the Administration. Congress and the executive branch must be equal partners in planning. We therefore recommend that a Joint Congressional Planning Committee, supported by a Congressional Office of Planning, with the necessary funding and technical assistance, be established to oversee all planning activities and to initiate and review legislation.

But to be successful, planning has to be undertaken with the full understanding, acceptance and support of the public. The participation of representatives of all important economic and social interests in every phase of planning is essential. Regional, state and local units of government must fully share in the planning process.

Every national forum—the press, Congress and the executive branch—should be used for a continuing airing of opinion on planning goals and methods. A network of committees representing every area of economic life should be available for mutual consultation with members of the planning office.

No one can possibly argue that planning will solve all our problems. Nor will it reconcile conflicting interests among different sections of our society. These will continue to be contested in the political arena as before. But planning can spare all of us the sense of helplessness we feel as the economy drifts from crisis to crisis and replace frustration with a sense of hope, with the conviction that we can, in fact, exert some control over our affairs.

Nor is planning an easy task. It is one of the most difficult enterprises that any society can undertake. But the technical capability and know-how exist to do the job. We believe that the hard thinking, work and experimentation required by a planning effort will be repaid many times over.

National economic planning has become an economic and social necessity.

NEW ADVISORY COMMITTEES

Mr. METCALF. Mr. President, on 27 January I inserted in the CONGRESSIONAL RECORD, page S956, a list of the 353 advisory committees which expired or were terminated last year. I have now received from the Office of Management and Budget a preliminary listing of advisory committees which were chartered last year. I am happy to be able to report that a comparison between the "terminated" and "created" advisory committee lists shows a net reduction of 132 advisory committees last year.

The total number of Federal advisory committees has declined from 1,439 when the Federal Advisory Committee Act was passed 2 years ago to 1,118 this year.

I ask unanimous consent to have printed in the RECORD OMB's preliminary listing of advisory committees chartered during 1972. I am advised by OMB that a final tally will be included in the President's annual report on advisory committees, which is due the end of this month.

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

PRELIMINARY LISTING, FEDERAL ADVISORY COMMITTEES CHARTERED CALENDAR YEAR 1974, OMB COMMITTEE MANAGEMENT SECRETARIAT, FEBRUARY 6, 1975

EXECUTIVE OFFICE OF THE PRESIDENT

1. Defense Manpower Commission (unassigned).
2. Presidential Clemency Board (unassigned).

OFFICE OF MANAGEMENT AND BUDGET

1. Advisory Committee on Social Indicators.
2. Advisory Committee on the Balance of Payments Statistics Presentation.

FEDERAL ENERGY ADMINISTRATION

1. Coal Industry Advisory Committee.
2. Construction Industry Advisory Committee.
3. Consumer Affairs and Special Impact Advisory Committee.
4. Electric Utilities Advisory Committee.
5. Energy Forecasting Advisory Committee.
6. Environmental Advisory Committee.
7. Foodservice Advisory Committee.
8. Labor Advisory Committee.
9. LP-Gas Industry Advisory Committee.
10. Natural Gas Transmission and Distribution Advisory Committee.
11. Northeast Advisory Committee.
12. Project Independence Advisory Committee.
13. Retail Dealers Advisory Committee.
14. State Regulatory Advisory Committee.
15. Tourist-Recreation Industry Advisory Committee.
16. Wholesale Petroleum Advisory Committee.

U.S. DEPARTMENT OF AGRICULTURE

1. Flue-Cured Tobacco Marketing Committee.
2. Humboldt National Forest Livestock Advisory Board.
3. Lyndon B. Johnson National Grasslands Grazing Advisory Board.
4. National Cattle Industry Advisory Committee.
5. National Cotton Marketing Study Committee.
6. National Rural Environmental Conservation Program (RECP) Advisory Board.
7–56. 50 State Rural Environmental Conservation Program (RECP) Advisory Boards.

DEPARTMENT OF COMMERCE

1. Advisory Committee for International Legal Metrology.
2. Advisory Committee on East-West Trade.
3. Commerce Technical Advisory Board (CTAB) Panel on Project Independence Blueprint.
4. FIPS Task Group 15 (Computer Systems Security).

Industry Sector Advisory Committees for Multilateral Trade Negotiations 5–30:

5. On Aerospace Equipment.
6. On Automotive Equipment.
7. On Communication Equipment and Non-consumer Electronic Equipment.
8. On Construction, Mining, Agricultural and Oilfield Machinery and Equipment.
9. On Consumer Electronic Products and Household Appliances.
10. On Drugs, Soaps, Cleaners, and Toilet Preparations.
11. On Electrical Machinery, Power Boilers, Nuclear Reactors, and Engines and Turbines.
12. On Ferrous Metals and Products.
13. On Food and Kindred Products.
14. On Hand Tools, Cutlery, and Tableware.
15. On Industrial Chemicals and Fertilizers.
16. On Leather and Products.
17. On Lumber and Wood Products.
18. On Machine Tools—Other Metalworking Equipment.
19. On Miscellaneous Manufactures, Toys, Musical Instruments, Furniture, Etc.
20. On Office and Computing Equipment.
21. On Nonferrous Metals and Products.
22. On Other Fabricated Metal Products.
23. On Paint, Gum, and Wood Chemicals, and Miscellaneous Chemical Products.
24. On Paper and Products.
25. On Photographic Equipment and Supplies.
26. On Railroad Equipment and Miscellaneous Transportation Equipment.
27. On Rubber and Plastics Materials.
28. On Scientific and Controlling Instruments.
29. On Stone, Clay, and Glass Products.
30. On Textiles and Apparel.
31. Marine Petroleum and Minerals Advisory Committee.
32. Census Advisory Committee on the Black Population for the 1980 Census.

DEPARTMENT OF DEFENSE

1. Armament Advisory Group.
2. Army Materiel Acquisition Review Committee.
3. Defense Panel on Intelligence.
4. Environmental Quality Award Advisory Committee.
5. National Security Agency Scientific Advisory Board (Military Operations).
6. National Security Agency Scientific Advisory Board (Systems Advisory Panel).
7. Navy and Marine Corps Acquisition Review Committee.
8. Shoreline Erosion Advisory Panel.
9. Ballistic Missile Defense (BMD) Technology Advisory Panel.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

1. Ad Hoc Advisory Group on Epidemiology.
2. Ad Hoc Advisory Group on Vaginal Cytology.
3. Ad Hoc Committee on Reserpine and Breast Cancer.

4. Arteriosclerosis and Hypertension Advisory Committee.
5. Arthritis Ad Hoc Review Committee.
6. Arthritis Advisory Committee.
7. Blood Resources and Disease Advisory Committee.
8. Cancer Control Ad Hoc Grant Review Committee.
9. Cancer Control and Rehabilitation Advisory Committee.
10. Cancer Control Community Activities Review Committee.
11. Cancer Control Grant Review Committee.
12. Cancer Control Intervention Programs Review Committee.
13. Cancer Control Supportive Sciences Review Committee.
14. Cancer Review Committee for a Cancer Center Program.
15. Carcinogenesis Program Scientific Review Committee A.
16. Carcinogenesis Program Scientific Review Committee B.
17. Carcinogenesis Program Scientific Review Committee C.
18. Cardiology Advisory Committee.
19. Clinical Application and Prevention Advisory Committee.
20. Collaborative and Field Research Committee.
21. Community Education Advisory Council.
22. Cooperative Health Statistics Advisory Committee.
23. Gastrointestinal Drugs Advisory Committee.
24. High Blood Pressure Education Research Program Ad Hoc Review Committee.
25. Interagency Committee on Emergency Medical Services.
26. Minority Group Mental Health Programs Review Committee.
27. National Advisory Council for Career Education.
28. National Advisory Council on Bilingual Education.
29. National Advisory Food and Drug Committee.
30. National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research.
31. National Commission on Diabetes.
32. Neurologic Drugs Advisory Committee.
33. President's Biomedical Research Panel.
34. Psychopharmacological Agents Advisory Committee.
35. Pulmonary Young Investigator Grant Committee.
36. Recombinant DNA Molecule Program Advisory Committee.
37. Regional Medical Programs Ad Hoc Review Committee.
38. Rehabilitation Services National Advisory Committee.
39. Toxicology Advisory Committee.
40. Virus Cancer Program Advisory Committee.
41. Virus Cancer Program Scientific Review Committee A.
42. Virus Cancer Program Scientific Review Committee B.
43. U.S. National Committee on Vital and Health Statistics.
44. Advisory Council on Women's Educational Programs.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

None.

DEPARTMENT OF INTERIOR

1. Advisory Committee on Indian Trust Responsibilities.
2. Mid-Atlantic Regional Advisory Committee.
3. National Non-fuel Minerals Advisory Committee.
4. North Atlantic Regional Advisory Committee.
5. Oil Shale Environmental Advisory Panel.
6. Outer Continental Shelf Research Management Advisory Board.
7. Rocky Mountain Regional Advisory Committee.

DEPARTMENT OF JUSTICE

1. National Institute of Law Enforcement and Criminal Justice Advisory Committee.
2. Federal Advisory Committee on False Identification.

DEPARTMENT OF LABOR

1. Standards Advisory Committee on Hazardous Materials Labeling.
2. Standards Advisory Committee on Coke Oven Emissions.
3. Standards Advisory Committee on Marine Terminal, Facilities.

DEPARTMENT OF STATE

None.

DEPARTMENT OF TRANSPORTATION

1. Alaskan Region Air Traffic Control Advisory Committee.
2. Flight Information Advisory Committee.
3. U.S. Advisory Committee on Obstacle Clearance Requirements.

DEPARTMENT OF THE TREASURY

1. Advisory Committee on Distilled Spirits Plant Supervision.
2. Chief Counsel's Advisory Committee on Rules of Professional Conduct.
3. President's Labor-Management Committee.
4. Small Business Advisory Committee.

ACTION

None.

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

None.

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION

None.

ATOMIC ENERGY COMMISSION

1. Special Atomic Energy Commission Laser-Fusion Advisory Panel.
2. ZGS Study Committee.
3. ZGS Study Committee Management and Procedures Subcommittee.
4. ZGS Study Committee Physics Subcommittee.

CIVIL AERONAUTICS BOARD

None.

CONSUMER PRODUCT SAFETY COMMISSION

1. Product Safety Advisory Council.

ENVIRONMENTAL PROTECTION AGENCY

1. Ecology Advisory Committee.
2. Lake Michigan Cooling Water Studies Panel.
3. National Drinking Water Advisory Council.
4. Science Advisory Board.

EXPORT-IMPORT BANK OF THE UNITED STATES

None.

FEDERAL COMMUNICATIONS COMMISSION

None.

FEDERAL HOME LOAN BANK BOARD

None.

FEDERAL MEDIATION AND CONCILIATION SERVICE

1. Arbitration Services Advisory Committee.
2. Health Care Industry Labor-Management Advisory Committee.

FEDERAL POWER COMMISSION

1. National Power Survey Task Force on Conservation and Fuel Supply.
2. National Power Survey Technical Advisory Committee on the Impact of Inadequate Electric Power Supply.

GENERAL SERVICES ADMINISTRATION

1. Advisory Committee for Protection of Archives and Records Centers.
2. Advisory Committee on Cash Management.

INTERSTATE COMMERCE COMMISSION

None.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

1. ERTS Follow-On Investigation Review Committee.
2. Research and Technology Advisory Council Committee on Aeronautical Propulsion Ad Hoc Panel on Jet Engine Hydrocarbon Fuels.
3. Space Science and Applications Steering Committee.
4. Space Science and Applications Steering Committee. Ad Hoc Advisory Subcommittee for Evaluation of Proposals for Participation in the Definition of a One-Meter Class Ultraviolet-Optical Facility Telescope for Spacelab Astronomy Missions.
5. Space Science and Applications Steering Committee. Ad Hoc Advisory Subcommittee for the Evaluation of Proposals for Participation in the Scientific Definition of Space Shuttle Missions for Solar Physics Spacelab Payloads.
6. Space Science and Applications Steering Committee Ad Hoc Advisory Subcommittee to Review Proposals for Scientific Definition of Space Shuttle Missions for Atmospheric, Magnetospheric, and Plasmas-in-Space.
7. Space Science and Applications Steering Committee Ad Hoc Advisory Subcommittee to Review Proposals for Space Flight Investigations of the Pioneer Venus 1978 Orbiter Mission.

NATIONAL CREDIT UNION ADMINISTRATION

None.

NATIONAL ENDOWMENT FOR THE ARTS

1. Artists-in-Schools Program Advisory Panel.
2. Bicentennial Committee of the National Council on the Arts.
3. Special Projects Panel.

NATIONAL ENDOWMENT FOR THE HUMANITIES

None.

NATIONAL MEDIATION BOARD

None.

NATIONAL SCIENCE FOUNDATION

1. Advisory Committee on Materials.
2. Advisory Committee on Energy Facility Siting.
3. Advisory Panel on Science Education Projects.

OVERSEAS PRIVATE INVESTMENT CORPORATION

None.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

1. Community Advisory Group.
2. Owners and Tenants Advisory Board.

SECURITIES AND EXCHANGE COMMISSION

1. Advisory Committee on the Implementation of the Central Market System.
2. SEC Report Coordinating Group (Advisory).

SELECTIVE SERVICE SYSTEM

1. Advisory Committee on the Selection of Physicians, Dentists, and Allied Specialists.

SMALL BUSINESS ADMINISTRATION

1. Las Vegas District Advisory Committee.

TENNESSEE VALLEY AUTHORITY

None.

RAILROAD RETIREMENT BOARD

None.

U.S. ARMS CONTROL AND DISARMAMENT AGENCY

None.

U.S. CIVIL SERVICE COMMISSION

None.

U.S. COMMISSION ON CIVIL RIGHTS

None.

U.S. INFORMATION AGENCY

None.

U.S. INTERNATIONAL TRADE COMMISSION

None.

VETERANS' ADMINISTRATION

1. Health Manpower Training Assistance Review Committee.

2. Medical School Assistance Review Committee.

EXPANDED PUBLIC SERVICE JOBS PROGRAM URGENTLY NEEDED

Mr. HUMPHREY. Mr. President, one of the proposals I recommended strongly to the Senate Budget Committee in testimony last Friday was a substantial public employment program.

I believe that there is an urgent necessity for the Government to provide some means of livelihood to our unemployed. Unfortunately, the number will rise well above the shockingly high 7.5 million at the present time.

I also recommended a direct Federal public employment program so long as unemployment remains above 8 percent.

I am very pleased to see that the Workman's Circle has made similar recommendations. This was done as part of a set of proposals put forth by the organization. The Workman's Circle, which was founded by emigrant workmen, is a fraternal society. Its President, Harold Ostroff, is also vice president of the United Housing Foundation.

Mr. President, I ask unanimous consent that Mr. Ostroff's statement be printed in the RECORD.

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

STATEMENT

(By Harold Ostroff)

President Ford's proposals for the economic recovery of the United States fall far short of national needs. A "one shot" tax rebate and the imposition of additional taxes on crude oil are mis-directed, timid attempts at a solution to a complex web of problems. These measures will not put the economy back on its feet, nor will they lead to the development of an American society where all citizens capable of working will have the opportunity to work at a job that pays a living wage.

In light of the President's failure to put forth a comprehensive program for economic recovery, we suggest the following steps as prerequisites to genuine and full recovery:

1. An immediate, massive federal effort to create jobs for the unemployed and underemployed. The extent of the current program is hardly commensurate with the scope of the problem.

2. Immediate extended government assistance to the unemployed. The benefit period in the present situation should be geared to an anticipated recovery schedule.

3. Enactment of a comprehensive system of national health insurance for all citizens is basic to the security of the individual and his or her family. It is needed immediately both by those recently laid off who have lost coverage from payroll plans and by millions of others for whom health care costs have crippled family budgets.

4. Immediate government action to sharply reduce America's dependence on imported oil and to establish a fair and equitable system of rationing and allocation. Incentives must be created to encourage conservation and for the technical development of alternate sources of energy. The plan for further increases in fuel cost to the public is a regressive approach; the burden can only fall on low and moderate-income families who are already staggering under the impact of fuel bills two, three and four times higher than those of a year ago.

5. Immediate reduction of interest rates and the allocation of credit for high priority social and economic activities. The President has this authority and should use it.

6. Far-reaching tax reform that will be more than a "one shot" attempt. An immediate tax cut in the form of reduced withholding taxes is necessary, so that those still employed can feel the benefits right away. But a long range solution is also necessary. Progressive tax reform designed to compel individuals and businesses to pay their fair share is the only effective approach to federal financing of the kind of comprehensive social programs the country so desperately needs.

OMB DIRECTOR LYNN TESTIFIES BEFORE JOINT ECONOMIC COMMITTEE

Mr. HUMPHREY. Mr. President, on February 26 the Joint Economic Committee was privileged to receive the testimony of James T. Lynn, the Director of the Office of Management and Budget, as a part of the committee's annual hearings on the economy. Mr. Lynn's testimony was very helpful to the members of the committee in their effort to evaluate and respond to the economic proposals of the President.

In explaining the President's proposals, Mr. Lynn emphasized the need to restrain the long-term growth of Federal spending while undertaking the substantial deficit necessary to provide effective stimulus for the economy. He pointed out that "We would face a substantial deficit even without the added stimulus that the President is proposing through tax reductions." "In the future," Mr. Lynn said, "steps must be taken to reduce or eliminate" the Federal deficit. But through the stimulus provided in the President's budget, Mr. Lynn predicted "a bottoming out of the recession toward the middle of calendar year 1975," and the start of "significant real growth thereafter."

The second major pitfall that must be avoided is a return to an excessive rate of inflation. While there have been "significant declines in prices of crude industrial materials," it was Mr. Lynn's opinion that "inflation continues to be unacceptably high." Mr. Lynn stated that "we must support the economy in a manner that will prevent another cycle of inflation and recession a year or two ahead," and he felt that the President's budget fits this criteria.

However, I find that by adhering so closely to these precautionary guidelines the President has not provided the stimulus required at this time. We must not forget that the central priority at this point must be to bring this country out of recession. Responsible economic leadership is required to avoid the danger of renewal of inflation. But we must not be deterred from enacting a program which provides a strong stimulus to the economy. I could not agree with Mr. Lynn that the President's program provides this kind of stimulus, and we discussed this question at length during the hearing.

But the point of view expressed by Mr. Lynn in his testimony is of great importance to an understanding of the pressing economic issues facing the Congress, and it has been an essential input to the committee in its task of evaluating the President's economic program. Mr. Lynn's discussion of the President's program is well worth the consideration of my colleagues in the Congress.

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

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

STATEMENT OF JAMES T. LYNN BEFORE THE JOINT ECONOMIC COMMITTEE

Mr. Chairman and Members of the Committee:

The President's budget for 1976 is designed to meet both our short-term economic problems and long-term national needs. The President's budget recommendations will help to restore healthy economic growth while minimizing the likelihood of increased inflation. They will reduce our dependence on imported oil. These recommendations include:

Income tax relief of $16 billion in 1975 and 1976 ($12 billion for individuals and $4 billion for businesses);

Greatly increased aid to the unemployed, totalling $17.5 billion in unemployment insurance benefits and $1.3 billion for public service employment;

An import fee on oil, and taxes on domestically-produced petroleum and natural gas and on their producers;

A rebate to compensate for the resulting higher price level, with special provisions for ensuring that low-income Americans and State and local governments are compensated equitably;

An increase in outlays for defense and military assistance of $8.0 billion in order to maintain preparedness and preserve force levels in the face of rising costs;

A one-year moratorium on new Federal spending programs other than energy programs; and

A temporary 5% ceiling on increases in pay for Federal employees, and on those Federal benefit payments to individuals that are tied to the cost of living.

We would face a substantial deficit even without the added stimulus that the President is proposing through tax reductions. Therefore, it is important to eliminate lower-priority spending in order to concentrate on direct efforts to speed economic recovery and to restrain the long-term growth of Federal spending. Hence, the budget recommends no new programs other than in the energy field. Further, the budget—as submitted—recommended reductions of $17 billion for fiscal year 1976. With the release by the President of additional highway funds and of Hill-Burton funds, and actions by the Congress prohibiting the planned change in the food stamp program, the total reductions currently proposed are $15.3 billion.

Despite these reductions, total budget outlays are now estimated to increase $37.4 billion over 1975 to $351.2 billion in 1976. However, because of the slowdown in economic activity and the proposed tax reductions, receipts are estimated to increase by only $18.8 billion over 1975 to $297.5 billion. Therefore, the 1976 deficit is now expected to be $53.7

billion if all of the President's budget proposals are accepted by the Congress. To the extent outlay reductions are rejected and the tax cuts are increased by the Congress, the budget deficit will be correspondingly larger. The deficit must be kept under control this year and steps must be taken to reduce or eliminate it in the future.

BUDGET TOTALS

[In billions of dollars]

Description	1974 actual	1975 estimate	1976 estimate
Budget receipts	264.9	278.8	297.5
Budget outlays	268.4	313.8	351.2
Deficit (—)	—3.5	—35.1	—53.7

THE BUDGET AND THE ECONOMY

The budget is designed to deal with three serious economic problems facing us today: recession, inflation, and energy.

Through the deficit, the budget provides a stimulus to the economy that should help lead to a bottoming out of the recession toward the middle of calendar year 1975 and to significant real growth thereafter. The following table shows the deficit by half-years on a national income accounts (NIA) basis. The Federal deficit (or surplus) on an NIA basis is perhaps the best single measure of a fiscal stimulus or restraint. As the table indicates, there is a sharp increase in the NIA deficit. From an annual rate of $2 billion to $3 billion in fiscal year 1974, the deficit increased to a $12 billion annual rate in the first half of fiscal year 1975 and is projected to increase sharply to over $50 billion at an annual rate in the second half of that fiscal year and to $75 billion in the first half of fiscal year 1976 before decreasing in the second half of 1976.

RECEIPTS AND EXPENDITURES IN THE NATIONAL INCOME ACCOUNTS

[In billions of dollars; seasonally adjusted annual rates]

	July–Dec. 1973	Jan.–June 1974	July–Dec. 1974	Jan.–June 1975	July–Dec. 1975	Jan.–June 1976
Receipts	265	283	299	284	281	330
Expenditures	267	286	311	336	356	370
Deficit (—)	—2	—3	—12	—52	—75	—40

The deficits proposed in the 1976 budget are partly the unavoidable consequence of the recession we are experiencing and partly the result of the proposed economic stimulus included in the budget to combat that recession—primarily a tax cut. Aid to the unemployed, which includes both benefit payments and public service jobs, will be $9 billion larger in 1975 and $12½ billion larger in 1976 than in 1974. In addition, the softening of the economy will result in substantially lower tax receipts. Tax receipts would be $30 billion larger in 1975 and $40 billion greater in 1976 if the economy were as fully employed as it was during 1974. Finally, the President's economic stimulus proposals—which are a response to the recession—will also contribute to the deficit, decreasing receipts by $6 billion in 1975 and $10 million in 1976. In the absence of these factors, the budgets for 1975 and 1976 would be in surplus.

The deficits projected for fiscal years 1975 and 1976, together with other Government-related activities, will make heavy demands upon the financial markets. Direct Federal borrowing from the public is expected to grow from $3 billion in fiscal year 1974 to nearly $45 billion in 1975 and $65 billion in 1976. In the latter 2 years, Federal plus federally-assisted borrowing will total nearly $140 billion if the plan proposed by the President is adopted. The tax plan being considered by the Congress and congressional disapproval of the outlay reductions proposed by the President could push these financial requirements to $160 billion or beyond, of which nearly $100 billion would come in one year—1976.

In periods of slack, such as we are experiencing now, the financial markets should be able to absorb very substantial Federal and federally-assisted borrowing. Even in these periods, however, a point is reached at which Federal and federally-assisted borrowing becomes excessive. Such excessive borrowing would force up interest rates and reduce the availability of credit to the Nation's businesses, housing, farmers, and to State and local governments. If this happens, the ability of these sectors to support a resumption of economic growth through investment will be impaired. The President has not overlooked this problem, and it is a major reason why he is urging the Congress not to increase deficits beyond those already contemplated.

NET BORROWING FROM THE PUBLIC BY GOVERNMENT GOVERNMENT-SPONSORED ENTERPRISES, AND GOVERNMENT-GUARANTEED BORROWERS

[In billions of dollars]

	1974 actual	1975 estimate	1976 estimate
Budget deficit	3.5	35.1	53.7
Deficit of off-budget agencies	2.7	13.9	10.6
Less means of financing, other than borrowing from the public[1]	3.1	5.1	—1.0
Subtotal, direct Government borrowing from the public	3.0	43.9	65.3
Net borrowing of Government-sponsored enterprises	14.8	13.6	7.7
Net Government-guaranteed borrowing from the public	6.2	.8	7.7
Total Federal and federally assisted borrowing from the public	24.1	58.3	80.7

[1] Includes changes in cash and monetary assets, checks outstanding, and deposit fund balances; seigniorage on coins; and—in 1974 only—the increment on gold.

The budget is also designed to avoid longer-run excessive stimulus that would again raise the rate of inflation. Inflation continues to be unacceptably high, though the situation is improving. As demand has fallen, there have been significant declines in prices of crude industrial materials. Indeed, because of weaknesses in these and other prices, the aggregate wholesale price index has declined for two consecutive months. Simultaneously, there has been a slowdown in the rate of price advance among major categories of goods in retail markets. By late in calendar year 1975, the annual rate of price increase shown by the deflator for the gross national product, and including the effect of the President's energy proposals, should taper off to somewhat above 7%. In our effort to stimulate the economy, we must not forget that inflation—and efforts to bring it under control—were a major case of the recession of 1974–75. In 1975 and 1976 we must support the economy in a manner that will prevent another cycle of inflation/recession a year or two ahead.

The President's energy program will raise the relative price of energy in order to reduce energy consumption and encourage the development of additional energy sources. In short, it proposes to let the market system perform the function that it carries out best. At the same time, the budget provides direct outlays for increased research, and it returns the increase in energy costs to the economy through the income tax reductions and direct Federal expenditures, thus leaving real purchasing power in the economy as a whole largely unchanged. With the President's program in effect, the United States should be largely invulnerable by 1985 to disruptions like the embargo of last winter.

BUDGET TRENDS

In recent decades there has been a significant shift in the composition of the Federal budget. The national defense function has decreased from 56% of the budget in 1956 to 27% in 1976. At the same time, Federal benefit payments for individuals have increased substantially, from under 20% of the budget in 1956 to 44% in 1976. Moreover, in constant dollars—that is, after adjusting for the effects of inflation—national defense has decreased nearly 20% over the decade ending in 1976, while payments for individuals have increased 150%. Our Nation's security will not be served well if defense programs decline further to offset increases in benefit payments.

BUDGET PRIORITIES

[Percent of outlays]

Description	Actual 1956	1960	1964	1968	1972	1976 est.
Domestic assistance:						
Payment for individuals:						
Direct[1]	17	22	22	22	30	38
Indirect (grants-in-aid)	2	3	3	3	6	5
Other grants-in-aid[1,2]	3	5	6	7	9	11
Total domestic assistance	22	29	31	32	46	55
Direct Federal operations:						
National defense function	56	49	44	44	33	27
Net interest	7	48	7	6	7	7
Other	14	14	18	17	14	11
Total direct Federal operations	78	70	69	68	54	45
Total outlays	100	100	100	100	100	100

[1] Excludes military retired pay and grants classified in the national defense function.
[2] For recent years, consists primarily of grants for water pollution control, highways, education and manpower, and general revenue sharing.

Note: Detail may not add to totals due to rounding.

The tremendous growth of our domestic assistance programs in recent years has, in large part, been consistent with a shift in our national values. Much of the burden of aiding the elderly and the needy has been shifted from private individuals and institutions to society as a whole, as income transfer programs have expanded their coverage. These programs cannot, however, continue indefinitely to expand at the rates at which they have grown over the past two decades. Spending by all levels of government now makes up a third of our national output. Were the growth of domestic assistance programs to continue for the next two decades at the same rates as in the past 20 years, total government spending would grow to more than half our national output.

These calculations assume that defense spending is held level in constant dollars. But if domestic assistance programs were to continue to increase in the future at the rate of the past 20 years and we tried to keep total Federal spending at the current share of GNP—which is about 22%—by decreases in defense, we would be down to the last soldier and the last gun early in 1985—just 10 years from now.

It is no longer realistically possible to offset increasing costs of domestic programs by further reducing military programs and strength. Therefore, the budget proposes an

increase in defense outlays and a halt in the relative decline of defense spending and a slowdown in the growth of human resource programs.

These are the subjects—the counter-cyclical impact of the budget, the effect of Federal and federally-assisted borrowing on credit markets (and, thereby, on investment opportunities, housing, and long-range economic growth), energy, inflation, and budget trends—that I trust will be high on the agenda of your committee.

My colleagues and I will be glad to answer any questions that members of the committee may have.

FASTING AND WORLD HUNGER

Mr. HATFIELD. Mr. President, last November the Senate unanimously passed Senate Resolution 437 relating to world hunger and fasting. That resolution called for a day of fasting, November 24, 1975, identification with the hungry of the world, and a reevaluation of our consumptive lifestyles.

The practice of fasting has been questioned by many who sincerely desire to participate in effective means of combatting the world hunger problem. While it does not automatically get food into the mouths of the hungry, it does help us evaluate our priorities. And money saved can be contributed to agencies involved in hunger relief work.

This ancient practice is growing as Americans continue to seek ways in which to help their brothers in need. Two newspaper articles dealing with fasting recently came to my attention. One relates the author's own experience while the other reports of the growth of the practice.

I ask unanimous consent that "Fast, Fast, Fast, Fast!" by Mr. Gary Corseri—New York Times, March 12, 1975, and "Ancient Practice of Fasting Revived" by Mr. George Cornell—Boise Idaho Statesman, March 8, 1975, be printed in the RECORD.

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

FAST, FAST, FAST, FAST!

(By Gary Corseri)

GAINESVILLE, Fla.—It is the second day of my fast, about 44 hours now. Two weeks ago I fasted for 48 hours, but I drank fluids then. It is much easier when you can drink something. Yesterday I had an eight-ounce glass of orange juice and today about two ounces. I've lost five pounds. I feel weak. It is an effort to move about, even to think.

I do this as an experiment. Perhaps a third of the world endures such absolute hunger on a regular basis; another third fills its stomach with gruel, but there is barely enough of it to go round, and what there is is not so nourishing. Obesity is a crime in such a world. All our wastefulness is criminal.

When you are very hungry like this you can only think about food. Abstractions such as freedom, justice, dignity fade into a blur, a never-never land. Would the so-called free world preserve freedom in the world? Then let it be sure to fill up bellies first.

This is the way most people die: Not all at once, but by a remorseless sinking into the pit of hunger. It's a wonder that any can crawl out of it. But what about all the lost millions who do not?

I watch the quiz shows on television. People go crazy for a new car. They jump, shout, touch themselves to be sure they're not dreaming. It is absolute selfishness that prompts them. What do they care for the hungry of Africa, of Asia, even of America? They are overstuffed with the pursuit of happiness. They would all be Neros: They would fiddle while the hungry burned the city.

A possible solution might be to reinstitute the sabbath. Let there be a new holy day of fasting. This, surely, must have been the original intention of a sabbath: not a day to drink beer before the television football games, but a day to cleanse the body of its poisons, and a day to purify the mind, to cleanse it to see the world aright again.

I should like to see the practice catch on at the colleges. It is a good place to regenerate spiritually. Let it be a fad to begin with. By its very nature, it will show its worth. There is no better way to identify with the hungry than by being hungry oneself.

And, because, we are human, we are in too much danger of forgetting the condition. The man who escapes from the ghetto to eat well the rest of his life, who comes to scorn the very place he left behind, carries the ghetto in his heart unto the grave.

Our recent sins have been sins of excess: Too much power to meddle abroad led to Vietnam; too much power to meddle at home led to Watergate. While we are turning down the thermostats, it would be a good idea to regulate the internal controls as well, to look within, to see what we have become.

A day of fasting, religiously observed once a week, would be a good place to begin. By such a measure we may save for the hungry what we don't eat, and save for ourselves a sense of the commonwealth and brotherhood of mankind, and not a small part of conscience.

ANCIENT PRACTICE OF FASTING REVIVED

(By George Cornell)

Fasting, an ancient Judeo-Christian practice to foster temperance and self-discipline, is being widely revived nowadays, but, with a special contemporary emphasis—to boost concern and support for the world's hungry.

The custom has spread among all sorts of groups, from Roman Catholics to Southern Baptists, from denominational cafeterias to family dining tables, from Methodists and Mormons to college campuses and among some of the U.S. Congress.

"Asceticism for our time," the president of New York's Union Theological Seminary, the Rev. Dr. Roger Shinn, called the trend.

United Methodist Bishop Francis E. Kearns of Canton, Ohio, in urging members in his area to skip at least one meal a week, says it helps to sensitize Americans to "the agony and suffering of great multitudes of people."

But the fasting also had a practical aim—those participating were asked to contribute the money saved to church programs of food aid. These programs, in turn, were mounting rapidly in volume.

"The Christian response must reflect the challenge of Jesus—'I was hungry and you gave me food,'" said Catholic Bishops John Roach and Raymond Lucker of St. Paul-Minneapolis, in calling for two days of fasting weekly, with money saved going to relief abroad.

Fasting, which means eating only one full meal for a day, is the general pattern of the new wave of self-denial that has caught on and spread within the past year in this richest country of the world.

"Giving up one main meal a week should be the minimum response," says the Rev. Dr. Robert J. Marshall, president of the Lutheran Church of America, whose governing convention asked its three million members to take up the practice.

The nation's Roman Catholic bishops, in their annual meeting, pledged to fast at least two days a week, and urged the 48.5 million American members to "join with us" in doing so, with resultant savings going to relief services.

Americans are ahead of the government in demonstrating concern about the world's crisis, says the Rev. J. Bryan Hehir of the Catholic justice and peace secretariat. They "are not willing to accept starvation for millions abroad as a tragic but inevitable fact."

Fasting was urged by a wide variety of other groups, including:

"Project Fast," launched by an interdenominational agency, World Vision.

An "Empty Plate" drive for skipping a meal weekly, by CARE's world hunger food.

Fasting also was urged in letters circulated to all U.S. congressmen and senators by Gilbert Gude, R-Md., and in a Senate resolution sponsored by Sen. Mark Hatfield, R-Ore.

Mormon president Spencer Kimball urged members to "observe more diligently" a longtime custom of a monthly fast day, because of food needs of the world's poor.

DIPLOMATIC RELATIONS WITH CAMBODIA

Mr. ROTH. Mr. President, it now appears extremely unlikely that additional military assistance to Cambodia will be authorized for the balance of the fiscal year or that if any is, it will be very limited. Many in Government are saying that whether the aid is appropriated or not will make little difference in the military situation in Cambodia because the Lon Nol government is beyond saving.

There is little question that the lack of supplemental military aid reflects the will of the majority of the American people. A Gallup poll recently indicated that 4 out of 5 Americans oppose additional military assistance. My mail has been heavily against the President's aid request.

It is almost a truism to say that a foreign policy cannot be strong unless it has the support—active or tacit—of a majority of the public. Our policies in Southeast Asia simply do not enjoy that kind of support.

I believe that it is essential to fundamentally rethink our policies toward that area of the world and construct a new policy that will enjoy broad support. In the short term, our most pressing problem is to terminate the fighting in Cambodia in the most orderly and humane way possible. In the long term, I believe the United States should work toward seeking an international agreement guaranteeing the neutrality of the entire Southeast Asian region, a proposal I made 3 years ago and will discuss at length later this week.

The best way to end the fighting in Cambodia would be through negotiations. Unfortunately, the United States is not in a position to take the initiative in such a diplomatic effort because of our support for one side and opposition to the other, but there are ways we can support such an initiative.

The most logical sponsors of a vigorous new negotiation effort would be the non-involved Asian countries. It might be recalled that in May 1970, eight Asian countries held an international conference on Cambodia, and diplomats from

Indonesia, Malaysia, and Japan approached the United States, Soviet Union, and several other countries as emissaries of that conference. It is possible that a similar effort could be more effective today because some of the countries involved have relations with China and North Vietnam which was not the case in 1970.

It is very possible that some of the Cambodian parties would refuse to sit with others at such a conference. Even so, an international conference would put pressure on all sides to clarify their positions and might facilitate the beginning of a dialog between the Cambodian parties. I could not see Secretary Kissinger engaged in shuttle diplomacy between Lon Nol, Prince Sihanouk, and the Cambodian Khmer Rouge leaders, but I could imagine an Asian diplomat or the Secretary General of the United Nations undertaking such an effort.

Hopefully, some Cambodians might be willing to step aside for the good of their country if that would facilitate an end to the fighting and the establishment of a coalition government along the lines of the Laotian Government.

As part of our efforts to support a diplomatic effort to end the suffering in Cambodia, I strongly support the idea, suggested last week by Senator JACKSON, that Senator MANSFIELD meet with Prince Sihanouk in Peking. Senator MANSFIELD very correctly pointed out that the Constitution gives the President the responsibility for the conduct of foreign relations and he would be wrong to make such a trip unless asked by the President. I urge the President to ask Senator MANSFIELD because of Senator MANSFIELD'S great experience in Asian affairs and long personal acquaintance with Prince Sihanouk, and because Prince Sihanouk remains an important personality in Cambodian politics. While Prince Sihanouk's relations with the Khmer Rouge leaders actually in Cambodia have hardly been the best, the Khmer Rouge have traded on the Prince's great popularity in rural areas and peasant support for the traditional monarchical institutions and those associated with them.

It seems to me that in view of this, Prince Sihanouk will be asked to resume some important role in Cambodian politics, and that it would be in the United States interest to learn his current thinking and maintain a degree of access to him. Of all of the Cambodian leaders, he is the most likely to be able to effect a general reconciliation among all the Cambodian people and prevent open bloodletting in the wake of a change of government.

The United States should seek to maintain a relationship with whatever new government is formed in Cambodia. It is encouraging that even the Khmer Rouge leaders have indicated their willingness to continue diplomatic relations with the United States should they take control of Cambodia. It should be recalled that for centuries Cambodia has been the victim of the rivalries of its two larger neighbors—Vietnam and Thailand, and it is in the interests of all Cambodians, including the Khmer Rouge, to maintain their independence vis-a-vis North Vietnam. This independence, even if it expresses itself in a hermit-like neutrality, helps to prevent the further spread of North Vietnamese aggression. Thus the United States will have an interest in maintaining diplomatic relations with any new Cambodian Government just as that government would want diplomatic relations with us as a means of symbolizing its separate identity.

PROPOSAL FOR STATE AND LOCAL EMERGENCY ASSISTANCE

Mr. MUSKIE. Mr. President, both the House and Senate are currently in the process of considering legislation aimed at reviving a sick economy. The predominant vehicles at our command are tax cuts—to stimulate spending by both business and private citizens—and public jobs programs—to relieve soaring unemployment.

To date, our efforts have focused primarily on the private sector. Yet among the hardest hit victims of today's economic dislocation are State and local governments. Inflation has forced their costs to skyrocket, and made normal budget planning next to impossible. Deepening recession has slowed the growth of revenues, while placing new demands on certain social services. At the same time, the demand for basic local services such as police and fire protection is not diminished.

To meet these budgetary pressures, State and local governments have few options. They can raise taxes, or reduce expenditures—most frequently through the deferral or cancellation of capital projects. And around the country they are doing both, with increasing frequency.

The problem this situation raises is an obvious one, but one which has thus far gone ignored at the Federal policymaking level. It is that while the Federal Government is trying to stimulate the economy through lower taxes and more jobs, the State and local sector is taking action which delays the impact of the Federal effort.

That, to me, just does not make sense.

One possible solution to this situation—and one which I find appealing—is a program of Federal assistance to State and local governments during times of economic hardship, for the purpose of reducing their reliance on budgetary actions which undermine national economic policy.

There are a number of arguments in favor of such a program of "countercyclical" assistance, and they have been succinctly and persuasively stated in a recent column by Neal Peirce in the Washington Post. I hope that my colleagues will give this column their attention and this proposal their serious consideration. It is logical and it is timely. And most important, it can make a substantial contribution to the success of other actions we take to restore the Nation's economic health.

I ask unanimous consent that the article by Neal Peirce appearing in the March 15 edition of the Washington Post—entitled "The Haves and the Have Nots"—be printed in the RECORD.

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

THE HAVES AND THE HAVE NOTS

(By Neal R. Peirce)

Unemployment in Massachusetts has soared past the 10 percent mark, forcing the state's new Democratic governor to consider severe spending cuts. He recently warned that the Bay State "faces the most serious budgetary crisis in memory—the largest current deficit of any state of the nation ($350 million) and an economic base that is stagnant and eroding."

Texas, by contrast, faces the not unpleasant task of dispensing a $1.4 billion surplus. The Texas economy is booming and unemployment, even in the face of the national recession, was 5.7 percent in January. In Houston, which has emerged as the oil capital of America, only 3.6 percent are out of work—compared to the latest reported national jobless rate of 8.2 percent.

ENERGY: COIN OF THE REALM

The Massachusetts-Texas contrast, to amazing degree, appears around the country this year. Energy has become the common coin of the realm. The states that have it—be it oil, gas, or coal—are doing well. Most of those who don't have energy are in the throes of high unemployment and fiscal chaos, both in state and local government.

The only exceptions are a handful of states with particularly well-diversified economies, and major producers of that increasingly scarce commodity—food.

Consider the robust fiscal health of governments in the energy-producing states. Louisiana last year was able to begin $100 million in capital construction out of current funds. Oklahoma expects an $80.8 million surplus that will make possible a cut in its income tax. Coal-producing West Virginia projects a $101 million surplus.

But New Jersey officials expect a $50 million deficit in this fiscal year and $600 million in the one to follow. Rhode Island's Governor Philip Noel (D) has bitten the fiscal bullet by asking his legislature to reduce the number of state employees by 8 percent and cut the pay of those remaining by 5 percent.

Cities like New York, Newark, and Cleveland are being forced to lay off substantial numbers of municipal workers.

But as the governors beg for a federal bail-out and mayors besiege Washington for "reparations payments" of billions of dollars, Congress and the Ford administration face a politically explosive problem: Will economic recovery problems be pinpointed to areas of real need?

Or will they be spread around, in typical pork-barrel style, so that the federal government enriches the coffers of already-affluent governments while doing too little for those in the most dire need?

STORM SIGNALS UP

Storm signals are already up in the battle between the energy "haves" and "have-nots" The first chapter has been the fight over President Ford's oil import and tax program, with the "haves" generally in favor, the "have-nots" opposed.

The "have-nots" see the big energy producing states of the South and West as the "American Arabs," soaking up the wealth of other states and regions with inflated price levels set, in effect, by the OPEC countries.

The "haves" are fighting back. Sen. John Tower (R-Texas) is trying to organize a coalition of the 12 top oil and gas producing states to fight what he calls the "catastrophic" energy control proposals of New

England and other Northeastern states. "The time to organize and fight them is now," according to Tower.

The second chapter of the battle now looms over economic recovery plans. Needy states and cities are arguing that it makes little sense for Washington to reduce taxes to stimulate the economy at the same time that federal aid to states and cities is cut, or at least fails to keep pace with inflation, causing local tax increases.

The $806 million tax increase package of Gov. Hugh Carey, (D-N.Y.) could, for instance, totally negate the federal tax reductions in the state's second largest state.

A second argument is that it's foolish for Washington to spend billions on slow-moving, inefficient emergency unemployment programs while the recession caused by Washington's fiscal mismanagement causes states and city governments to lay off workers.

"COUNTER-CYCLICAL" REMEDY

A specific remedy—which might well pit the energy-producing states against the energy-consuming ones again—is being hatched in the Senate Subcommittee on Intergovernmental Relations, chaired by Maine's Sen. Edmund S. Muskie (D).

The idea, which Muskie intends to push strongly if he can get broad support, is for a "counter-cyclical" aid program for state and local governments. In essence, it is deceptively simple: to channel federal aid of up to several billion dollars to state and local governments to make sure that they aren't forced to make tax increases and order layoffs that counteract national anti-recession policy.

The most interesting feature of the anti-cyclical plan is that it would not, like so many federal programs, be permanent. It would go into effect when, and only when, the national unemployment rate is more than 6 percent. When the jobless rate dipped below 6 percent, the program would cease immediately.

The intriguing part of the plan is that aid would go only to places suffering serious unemployment. The higher any state or city's unemployment, the higher the aid would be. But when any locality's unemployment rate declined, so would its aid.

The counter-cyclical aid idea, originally proposed by Brookings Institution economists, is beginning to gain support among mayors and governors in hard-hit parts of the nation. They point out that the money could be channelled to local government rapidly, when they really need it.

This would be in contrast to slower-moving anti-recession programs, like public works, which often end up spending pennies while the economy is down and big dollars later on, when the real problem is inflation and an overheated economy.

BENEFIT TO PROGRESSIVE STATES

In addition, the program would give the most aid to cities and states that already have high taxes and spending programs, because part of the aid formula would be based on the normal spending level of each government.

In general, that would benefit progressive states like those of the Northeast, Wisconsin, Michigan, Minnesota, Washington, Oregon, and California.

By an accident of geography, however, most energy-producing states are normally more conservative and spend less on welfare and other social programs.

So even when the recession dipped deep enough to push the unemployment rate in the energy-producing states above 6 percent, their relative dollar assistance would be less. The same applies to the Great Plains states which are weathering the current recession much better than most of the nation.

So the counter-cyclical idea, however intelligent and well-conceived it may be, could end up on the rocks of Congressional stalemate as the "haves" and "have-nots" fight for maximum federal dollars.

No matter what the outcome, though, the debate could have an important side-effect. By raising the issue of gross disparities in state wealth caused by energy, it could well pose problems for the three-year old federal revenue sharing program.

Indeed, as the battle over extension of revenue sharing approaches, critics are already claiming that the program needs revamping. And in one sense, they are eminently right. Revenue sharing is the prime example of the federal government, itself mired in huge deficits, handing out money to each and every state and local government—with insufficient regard to need, or how much those governments are already doing for their people.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, since the Genocide Convention was adopted by the United Nations General Assembly on December 9, 1948, 84 nations, including most of our NATO and SEATO allies, have ratified the treaty. The United States is not among these. This absence is surprising and sad considering the key role the United States played in the drafting of this Convention.

William Korey, director of the B'nai B'rith U.N. office, summarized our efforts in a September 1972 article entitled, "On Banning Genocide: We Should Have Been First." Mr. Korey states:

Today it is all but forgotten that, in fact, the United States played a key role in the drafting of the treaty that was reflected in the text itself. Formulated in terms of familiar Anglo-American legal theory and couched in the language of traditional common-law concepts, the treaty drew upon the precise wording of common-law crimes long accepted in American jurisprudence. Most important, it was the United States that insisted that a specific *intent* to commit genocide must be proven before an offender could be punished. And the American delegation led the fight for its adoption. The chief of the delegation, Assistant Secretary of State Ernest A. Gross, shortly before the final vote, told the General Assembly:

"In a world beset by many problems and great difficulties, we should proceed with this convention before the memory of recent horrifying genocidal acts has faded from the minds and conscience of man. Positive action must be taken now. My government is eager to see a genocide convention adopted at this session of the General Assembly and signed by all member states before we quit our labors here."

The U.S. delegation was among the first to sign. This occurred 2 days after the treaty's adoption.

Mr. President, having expended so much effort in obtaining international agreement in behalf of this Convention, it is certainly a cruel irony that this body has yet to act upon this important human rights document.

I only hope that Chief Justice Earl Warren was wrong when he said almost 5 years ago:

We as a nation should have been the first to ratify the genocide convention. . . . Instead, we may well be near the last.

Mr. President, time is running out. The number of signatories to this Convention grows increasingly long. Just last November the tiny nation of Lesotho deposited its instrument of ratification at the U.N. Unless we take advantage of the new spirit of the 94th Congress and act promptly, it appears that Justice Warren will prove right.

PRENOTIFICATION OF EXIMBANK LOAN

Mr. PROXMIRE. Mr. President, I call the attention of my colleagues to a communication referred to the Senate Committee on Banking, Housing and Urban Affairs from the Chairman of the Export-Import Bank, William J. Casey, regarding a pending credit transaction with British Airways, a wholly owned entity of the United Kingdom. This is the second notice to be transmitted pursuant to section 2(b)(3) of the Export-Import Bank Act as amended in the last Congress. That section requires prenotification to both Houses of Congress of any loan, financial guarantee, or combination thereof in an amount of $60 million or more at least 25 days of continuous session of Congress prior to the date of final approval. Upon the expiration of this period of time, the transaction may receive final approval by the Bank unless Congress takes action to prevent the same.

In this case the Bank proposes to extend a direct loan to British Airways in the amount of $111,900,000 to facilitate purchase from the United States of six new Boeing 747 jet aircraft and nine new Lockheed L–1011 jet aircraft along with related goods and services. This represents 30 percent of the total sale price of $373 million. The loan will bear interest at the rate of 8½ percent per annum and be repayable in accordance with four schedules of 20 semiannual installments each, beginning July 15, 1975, August 20, 1976, November 20, 1977, and August 5, 1978 respectively.

Mr. President, I ask unanimous consent that Chairman Casey's letter be printed in the RECORD.

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

EXPORT-IMPORT BANK OF
THE UNITED STATES,
Washington, D.C., March 11, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to Section 2(b)(3) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States Senate with respect to the following transaction:

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to extend a direct credit of $111,900,000 to British Airways, the United Kingdom. The purpose of the Eximbank financing is to facilitate British Airways' purchases from the United States of six new Boeing 747 jet aircraft and nine new Lockheed L–1011 jet aircraft with related goods and services at a total U.S. export value of $373,000,000.

The total U.S. export values do not include the cost of Rolls Royce engines and other non-U.S. content in the aircraft totaling $112,140,000.

2. Identity of the parties

(a) British Airways: British Airways is the largest commercial air carrier in the United Kingdom and is wholly owned by the Government of the United Kingdom.

(b) Government of the United Kingdom: The Government of the United Kingdom will unconditionally guarantee repayment of principal and interest by British Airways to Eximbank under the direct credit.

3. Nature and use of goods and services

The principal goods to be exported from the United States are commercial jet aircraft to be used by British Airways on its international routes. In addition, U.S. firms will furnish related spare parts, spare engines, equipment, and services necessary for the efficient operation of the aircraft.

The Lockheed L–1011 jet aircraft will be used primarily on routes between the United Kingdom and continental Europe, Africa and the Middle East. The Boeing 747 jet aircraft will be used on longer international routes.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The proposed extension of $111,900,000 by Eximbank will result in a cash payment of British Airways to the two U.S. manufacturers of $261,100,000, representing 70 percent of the total export sale of $373,000,000 in U.S. goods and services. This will result not only in a substantial immediate but also in a longer term favorable impact on the U.S. balance of payments, and provide employment for substantial numbers of U.S. workers at a time when business activity in the United States is slackening. Additional benefits from the transaction include sizeable follow-on exports of spare parts, ground support, and other related equipment during the useful life of the aircraft. Furthermore, British Airways has six firm orders and three options on additional Lockheed L–1011 jet aircraft costing over $200,000,000 for delivery in 1978–1979. Lack of Eximbank support in the present transaction would compel the airline to re-examine and probably cut back on future purchasing plans which have been predicated on continued availability of Eximbank financing. In addition, if Eximbank financing were unavailable, alternate sources of financing would have to be sought which could well cause delays in delivery of the aircraft and result in losses to the manufacturers. Furthermore, there are no assurances that such financing could be obtained on commercially viable terms.

Since 1967, British Airways and its predecessors have purchased in the United States jet aircraft, engines, spare parts and other equipment totaling $1,076,000,000 of which over $700,000,000 worth has already been delivered. British Airways also purchased Constellations, Stratocruisers and DC7C aircraft in the United States prior to 1967. Eximbank loans to British Airways to date have totaled $177,000,000 or only 16.5% of total purchases in the United States by British Airways since 1967. If the financing for the present transaction is included, Eximbank loans would total only 23%. Since 1968, British Airways' current and capital expenditures in the United States have exceeded its U.S. dollar traveller revenues by some $387,000,000. Since 1971, British Airways' net movement of U.S. dollars to the United States has amounted to about $190,000,000.

U.S. aircraft manufacturers are operating at well below capacity and without a large export market (facilitated by Eximbank support), they would be required to increase substantially the cost of aircraft to domestic carriers, as nonrecurring development costs would have to be spread over a much smaller number of aircraft and fixed overhead and variable expenses allocated to each aircraft would have to be increased. It has been estimated that prices to U.S. carriers might rise by more than 40 percent if a manufacturer relying on exports for over half of its sales should lose that market.

Sales, profits and employment for U.S. aircraft manufacturers are heavily dependent upon exports. In 1970, for example, a major American manufacturer of commercial jets sustained production solely on the basis of foreign sales since it received no domestic orders that year. Over the next few years, aircraft purchases by foreign airlines are expected to account for the great majority of total U.S. aircraft sales. At year end 1973, there were over 107,000 employees directly employed by the three major manufacturers in U.S. civilian jet aircraft production and over 122,000 equivalent full-time employees of direct subcontractors and suppliers needed to produce essential equipment.

The U.S. aircraft industry which is our largest breadwinner in terms of exports of manufactured goods, and the customers for these aircraft, have come to rely on Eximbank's policy of lending to assist private banks and U.S. airframe manufacturers put together the financing necessary to sell these expensive products. That policy has helped bring over 80 percent of the world market to the United States and has spread the cost of producing these planes and maintaining this country's technological superiority. With thousands of jobs and the economic viability of the industry depending today so heavily on foreign sales, this is no time to abandon a successful financing policy.

The proposed Eximbank financing should have minimal impact upon Pan American Airways, British Airways' major U.S. competition over the routes to be flown by the aircraft which are involved in this transaction. Pan American's competitiveness and profitability are affected largely by such factors as rising fuel costs, declining volume, economic conditions in countries served, management and airline practices, and discriminatory trade practices. Further, rates which Pan American and British Airways may charge between the United States and the United Kingdom are set by the International Air Transport Association and approved by the U.S. Civil Aeronautics Board. Finally, it should be pointed out that British Airways has joined with Pan American, TWA and others in entering into a mutually advantageous capacity agreement fixing the cities of embarkation, frequencies, types of aircraft, and capacities between the United States and the United Kingdom for the winter season, September 1974–March 1975. A similar agreement is being negotiated for the summer season, 1975.

With such substantial benefits and little, if any, adverse impact on the U.S. economy, Eximbank supports this transaction in implementing the Congressional mandate to aid in financing and to facilitate U.S. exports.

2. THE FINANCING PLAN

The total cost of U.S. goods and services to be purchased by British Airways is $373,000,000 for which British Airways will make a 70 percent cash down payment. The balance of U.S. costs will be financed by Eximbank as follows:

	6 Boeing 747's and 9 Lockheed L–1011's	Percentage of U.S. costs
Cash payment	$261,100,000	70
EIB direct credit	111,900,000	30
Total	373,000,000	100

(a) Eximbank charges: The Eximbank credit will bear interest at the rate of 8½% per annum payable semiannually. A commitment fee of ½ of 1% per annum will also be charged on the undisbursed portion of the Eximbank credit.

(b) Repayment terms: The Eximbank credit of $111,900,000 for the purchase of the jet aircraft will be repaid by British Airways in four schedules of 20 semiannual installments each, beginning July 15, 1975, August 20, 1976, November 20, 1977 and August 5, 1978, respectively, These dates are approximately six months from midpoints of groups of aircraft deliveries. The ten year repayment terms proposed here are normal in international trade for commercial jet aircraft financing.

Sincerely,

WILLIAM J. CASEY.

ST. PATRICK'S DAY

Mr. HARTKE. Mr. President, on December 19, 1974, Cearbhall O'Dalaigh was inaugurated as the fifth President of Ireland, in St. Patrick's Hall, Dublin Castle. This ceremony followed by 1 month the death of the fourth President, Mr. Erskine Childers.

Yesterday, March 17, Ireland celebrated its National Day and also St. Patrick's Day. I wish to salute the people of Ireland and I ask unanimous consent that the address by the Prime Minister be printed in the RECORD.

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

MESSAGE FROM THE TAOISEACH FOR SAINT PATRICK'S DAY 1975

Once again, as Head of the Government of Ireland, I have the pleasure of greeting Irish people throughout the world on our National festival. My good wishes and those of all Irish people at home go to those, Irish by birth, descent or friendship, who are celebrating with us the memory of Saint Patrick.

Since I last had the privilege of sending Saint Patrick's Day greetings, we, in common with almost every other country in the world, have passed through a difficult year.

At home, the violence and destruction which continued in Northern Ireland manifested itself also in this part of the Island and in Britain. Every dead or maimed victim of this terrible violence is a reproach to us all. I would again ask our kindred abroad not to be deceived into giving support to organizations preaching violence as the only solution of our country's problems.

My Government firmly believes that far from providing a solution to the problems of this Island, violence in fact has the opposite effect.

The steady growth of movements for peace must encourage those in the North and elsewhere who have striven consistently for a return to democratic and peaceful methods of political activity. The Government will do all in its power to contribute to a satisfactory solution based on certain clearly defined principles. The search for such a solution is one which must be pursued vigorously by all parties. My Government will play its full part, in cooperation with the British Government and the elected representatives of the people of Northern Ireland to secure a satisfactory outcome which will fully respect and safeguard the rights of all the people of Northern Ireland.

In the international arena, Ireland, with her partners in the European Community, has been confronted with the disruption caused by the oil crisis, the adverse developments in international trade and a generally high inflation rate. The Community has had some success in tackling these problems and we can, I think, look forward to further progress in dealing with them.

Some of the poorest of the developing countries were of course, much more severely affected by those developments than the developed members of the Community. The agreement signed at Lome at the end of last week with the African, Caribbean and Pacific States, many of them among the world's

poorest, is an earnest of the Community's desire to give constructive assistance to the developing world. Ireland is happy to participate in this work, especially as so many of her children have over the years given devoted service to these countries, particularly in the fields of education and medicine. To those of you who are giving your services today in this way, I would like to send a special message of thanks and encouragement.

We are particularly pleased at this time at having had the honour of organising the first of the new regular meetings of Heads of Government of the Community in Dublin last week. We are also gratified that the outcome of the meeting has been satisfactory.

To Irish men and Irish women around the world and to all the friends of Ireland, I send warmest greetings and good wishes for this Saint Patrick's Day.

Mr. HARTKE. Mr. President, Ireland in just 2 short years has advanced to the Presidency of the Council of Ministers of the European Economic Community. Dr. Garret Fitzgerald, the Minister of Foreign Affairs, said in a recent debate on foreign affairs that Ireland's membership on the EEC had brought Ireland into new relationship with countries with whom until last year there had been virtually no political or economic contact. In all, 46 developing countries were involved with the Community in the negotiation of trade agreements last year, in seeking to establish more favorable basis for trade and initiate new forms of aid to help their development.

The past decade has been a period of considerable progress in the development of the industrial sector of the economy. The Irish Government's programs for economic expansion, begun in 1958, have provided a major impetus to this expansion. Today, Irish factories produce a wide variety of goods and supply most of the home market requirements, particularly the food-processing, textile, clothing, footwear, sugar and oil refining industries. Irish manufactured goods in increasing varieties are competing successfully in world markets and a far wider spread of markets for their products has been obtained. The variety as well as the quantity of exports has been enhanced by the emergence of engineering products, electrical goods and chemicals as major exports; other important export corners include textiles, clothing, and foodstuffs.

The rapid growth in the industrial sector is reflected in the substantial expansion in industrial exports which amounted to 311 million pounds in 1972–73 as compared with 41 million pounds in 1959 and now account for over 50 percent of total exports.

In the last 10 years, new industrial enterprises were established having an estimated capital investment of 1.3 billion pounds and estimated employment of 80,000 persons at full production; account for about 65 percent of the capital investment and projected employment. The bulk of these foreign promoted enterprises were established by manufacturers from Britain—25 percent—the United States—26 percent—Germany—18 percent—and the balance by manufacturers from Australia, Belgium, Canada, France, Italy, Netherlands—11 percent—Sweden, South Africa, Japan and elsewhere.

Mr. President, let us again say "well done" to the people and the Government of Ireland on her national day.

THE REMARKABLE MRS. THATCHER: A NEW LEADER OF PRINCIPLE

Mr. HELMS. Mr. President, the recent election of Margaret Thatcher as the new leader of the Conservative Party in Great Britain marks an important turning point in British politics. It represents not only a remarkable personal achievement for Mrs. Thatcher, but also a powerful resurgence of conservatism in a country that has been slipping backward under the weight of socialism.

For the first time in its long and distinguished history, the Conservative Party of Great Britain is under the leadership of a woman. No less noteworthy is the fact that Mrs. Thatcher promises to give a renewed sense of purpose and direction to the downtrodden Tories.

There is much to be conserved, or restored, and Margaret Thatcher believes that Great Britain is capable of regeneration. The remedies? They lay, first of all, in the revival of the Conservative Party's principles and a repudiation of further compromises with the Socialists. Margaret Thatcher deplores the leftward drift of her party, and she argues that "me-tooism" is a recipe for political disaster.

Electoral returns, which have reduced the Tories to a minority status, would seem to support her view. Not until the Conservative Party has returned to the standards of free enterprise and economic liberty, offering the electorate a real choice between liberty and equality, can Great Britain, in the eyes of Mrs. Thatcher, be saved from mediocrity, economic collapse, and a dreary egalitarianism.

Seeking out the old values, and bringing them into the light, Mrs. Thatcher speaks proudly of "thrift," "individual responsibility," and "merit for hard work." As she explained at the time of her campaign for the Tory leadership:

I believe that we should judge people on merit and not on background. I believe that the person who is prepared to work the hardest should get the greatest rewards and keep them after tax; that we should back the workers and not the shirkers; that it is not only permissible, but praiseworthy to want to benefit your family by your own efforts.

These are fresh and challenging thoughts to a party that has become little more than an appendage of the opposition and is unable to conceal its confusion and loss of identity from the electorate. As an alternative to the tired doctrine that government owes everybody a comfortable living, irrespective of individual talent and sacrifice, Mrs. Thatcher offers the robust belief that everyone is entitled to a just reward for his labors. She understands that the Socialist doctrines of economic equality are both dangerous and false. By attempting to reduce every member of society to a common denominator the British Government has had to rely increasingly on coercion and economic planning—at the expense of not only individual liberty, but also economic growth and stability. Inequalities of wealth, she rightly believes, are natural and just because they take account of the fact that there are differences and inequalities between individuals. Attempts to change the natural order often give rise to an artificiality that is worse than the ill it was designed to cure.

Such is the current state of Great Britain, as it moves closer to the brink of disaster.

At considerable political risk, Mrs. Thatcher has already applied these principles to British public policy. During her tenure as Secretary of State for Education—1970–74—she launched a far-reaching reform of public financing in the schools. In a move that was deemed cruel and heartless by her leftist critics, she abolished free milk for public school children in order to save $200 million for the construction of 75 new primary schools. Actually, Mrs. Thatcher was simply continuing the policy begun by the Labor Party of cutting back on free school milk. When they returned to power, the Laborites did not restore the cuts and it is now generally recognized that Mrs. Thatcher was not the cold, unfeeling person as pictured by her critics.

Whether Margaret Thatcher can turn the tide of collectivism and resurrect conservatism as a political movement in Great Britain remains to be seen. This much is evident: she has awakened the Conservatives from their congenital lethargy, and this is no small feat. She has captured the imagination of her party, and she has freed the Tories from their reckless opportunism and reestablished the line of demarcation between parties. In the tradition of Burke and Bolingbroke, she recognizes that not all change is reform; at the same time she has succeeded in bringing a majority of her fellow Conservatives to the realization that if the party does not change, soon there will be nothing to conserve.

Mr. President, I ask unanimons consent that an article by Harry Trimburn, published in the Raleigh (N.C.) Times, be printed in the RECORD.

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

MARGARET THATCHER: HER DRESS AND PHILOSOPHY A BIT DATED?

(By Harry Trimburn)

LONDON.—A few years ago she was known derisively as "Thatcher the milk snatcher." Today she is the right honorable Margaret Thatcher, leader of the Conservative Party, and, suddenly, one of the most important women in politics in Europe, if not the world.

This transformation came about through a vote of her colleagues of the Conservative Party's parliamentary delegation last Tuesday—and her own iron determination, hard work and intelligence.

For Mrs. Thatcher, a 49-year-old mother of twins, wife for the past 23 years of a wealthy oil executive and coolly efficient housewife, the achievement of the highest post in her party is viewed with a mixture of awe and surprise.

For there are two Margaret Thatchers, who are seemingly contradictory beings. One is the woman, the other the politician.

There is the highly photogenic, attractive female with golden hair that frames her pleasing face in a cascade of waves. The at-

tractive face seems in harmony with the "sensible' clothes she wears, a bit out of style, and sometimes the butt of jokes, but somehow just right for Maggie Thatcher.

Then there are the hats, a touch of the flambuoyant, like those fruit salad extravaganzas worn by dancer Carmen Miranda. They, too, seem to fit.

There is a photo of Mrs. Thatcher in a hat taken when she first entered politics in 1951, the hat and the dress do not look much different than the ensembles she has been wearing lately.

And the ensembles seem to match her political philosophy. It, too, seems a little bit dated, object for derision from the avant-garde that considers Mrs. Thatcher one of the great minds of the 1930s. Or is it that she's sticking to ideals that may now be coming back into vogue among a number of Britons wearied by inflation, strikes and other economic dislocations? With a straight face, Mrs. Thatcher talks about "thrift," "individual responsibility" and "merit for hard work." Horatio Alger would have applauded.

As she put it the other day in pushing her claim for the Tory leadership:

"I believe that we should judge people on merit and not on background. I believe that the person who is prepared to work the hardest should get the greatest rewards and keep them after tax; that we should back the workers and not the shirkers; that it is not only permissible, but praiseworthy to want to benefit your family by your own efforts."

On an earlier occasion she declared: "to stand for middle-class value is no bad thing . . . the British worker also has deep feelings for freedom, for order and the right to work without disruption."

It is these views, coupled to the second Margaret Thatcher, the politician, that has fired the imagination of the Conservative Party and pushed her into the party leadership. For as the politician she is, as one wit put it recently, the only man in the Tory Party." Mrs. Thatcher—forget about the matronly prefix—is "cold as iron and imperious," "the skillful and tactful parliamentarian, able to outlast any male colleague at a committee meeting, and emerging seemingly cool and unruffled."

She is willing to learn, say her admirers, and follow the dictates of her conscience and party policy, even if it means political pain for herself. In party work she is a tireless campaigner, even though she turns off many voters by what is considered her patronizing manner of speaking. It is her rough-like stance on what she considers principle that led to her derisive characterization as "Thatcher the milk snatcher." That occurred during her tenure as secretary of state for education and science during the 1970–74 Tory government headed by Edward Heath, the man she overwhelmed in his bid for another term as party leader last week.

As secretary of state, Mrs. Thatcher abolished free milk for British school children in an effort to save $20 million that could be used for construction of 75 new primary schools.

It really wasn't such a heartless and dramatic move as critics have claimed, then and since. Mrs. Thatcher had merely continued the policy begun by the opposition Labor Party when it was in power of gradually cutting back on free school milk. Despite the outcry, the Laborites did not restore the cuts when they returned to power.

When the Conservatives were thrown out of the government in the February, 1974, elections, Mrs. Thatcher rejoined the Shadow Cabinet as a spokesman for the environment. Previously she had been spokesman on a wide range of subjects, including transportation, power, treasury matters, pensions and housing. Mrs. Thatcher said she was delighted to hold such positions instead of traditional ones that are generally reserved for women parliamentarians such as those dealing with social affairs.

OLD CLICHES NEVER DIE

Mr. BIDEN. Mr. President, today is Tuesday, March 18, 1975.

But it could be March 18, 1965, given the state of news on the front pages of this morning's newspapers.

What does one read concerning Indochina?

About a President endorsing the "domino theory" and talking about the evils of "new isolationism."

About a vote by the Senate Foreign Relations Committee—which I will discuss further in a moment—to continue military and economic aid to Cambodia.

About a sudden discovery by the administration that it has "found" $21.5 million—money which, naturally, can be used to continue supplying arms to Cambodia.

And, the South Vietnamese have begun pulling troops and planes out of the Central Highlands.

Even though no American troops are directly involved, and even though there was no American presence of an overt military nature in Cambodia 10 years ago, one is nevertheless left with the impression that we have been through all of this before.

When, Mr. President, will we learn the lessons of our own experience?

Must we once again divide the American people and the U.S. Government over the future of nations which have no bearing upon the security and well-being of the American people?

Two years ago, when I came to the Senate, I thought the time was already past when I would hear an American President, in apparent seriousness, endorse the cold war concept of the domino theory with regard to Southeast Asia.

And surely, I thought, the time was past when political discourse could be characterized by resort to such shrill labels as "new isolationism"—labels which had only one purpose: to obfuscate the legitimate issues raised by those who dissented from American foreign policy in Indochina.

But that was not to be.

Today, we read of President Ford criticizing "new isolationism" and stating that "I have heard that song before" and "I am here to say I am not going to dance to it."

Even more incredibly, we read of Mr. Ford describing recent events as "validating" the domino theory. "If we have one country after another—allies of the United States—losing faith in our word, losing faith in our agreements with them, yes, I think the first one to go could vitally affect the national security of the United States," the President is reported, by the Washington Post, to have said in South Bend.

I almost dispair in reading such words. The President is quoted as saying that Thailand and the Philippines are reconsidering their relations with the United States, thus validating a domino theory.

That does not prove a domino theory. That merely suggests the reality of a world in which the United States cannot control the future of peoples half-way across the globe who, one way or another, are intent upon pursuing their own destiny.

The President speaks of lost faith in American promises.

I must ask, what promises?

Where is it written—in treaty legally signed and duly ratified by the Senate of the United States—which is, after all, the constitutional way of conducting American foreign policy—that we are committed to guaranteeing the existence of the regime of Lon Nol in Cambodia?

Or any Cambodian Government, for that matter?

No such treaty exists.

Last Saturday, George Will—who can only be described as a conservative—addressed himself in his column to the subject of American obligations abroad:

> In the last 15 years, since the supposedly imprecise Dwight Eisenhower left the White House, there has been much dangerously loose Presidential talk about our Nation's international obligations. Now another President is playing fast and loose with slippery concepts . . .
>
> If we have a formal "commitment" to Cambodia, it was made in secret by Mr. Kissinger and kept secret from the American people, in which case the commitment is spurious.

Mr. President, we have no commitment to Cambodia.

Whether the regime of Lon Nol survives or fails has no bearing upon the security of the American people—which must be, when one reaches the bottom line, the true test of American foreign policy.

Other than international responsibilities which have been assumed under recognized constitutional procedures—and such is not the case with Cambodia—our responsibility must be to address ourselves to the well-being of the American people. That is not isolationism, new or old. That is simply a statement of national purpose, and I might add that I consider it our national purpose to reach out to the rest of the world.

But in reaching out, let it be with the force of American ideas and ideals, not with the force of American arms.

That brings me to the vote yesterday in the Senate Foreign Relations Committee to authorize continuation of American military and economic aid to Cambodia through June 30.

I voted against both military and economic aid during committee consideration of this legislation. At the appropriate time, when the Senate takes up the Cambodian aid question, it is my intention to offer amendments to end both military and economic aid.

Those amendments are still being drafted.

I oppose further military aid, Mr. President, quite simply because it is time to say, "no more."

It is time to recognize that American intervention in a civil war on the Asian continent is futile.

Whether our intervention is direct, as it was in Vietnam, or indirect, as in the case of American military aid to Cambodia, the United States will not, in the final analysis, decide the outcome. We

must come to accept the lessons we learned in the past decade—and which the French learned before us: The people of Indochina, one way or another, for better or worse, will decide who governs them.

It is not a question of "bloodbath."

The truth is that, whatever the future may hold, it could hardly be worse than the present death and destruction on both sides.

That leads to the question of economic aid—a question which, I concede in all candor, is much more difficult.

As one who supports an increased humanitarian assistance in areas of need—especially in the Sahara, Bangladesh, and other areas of deprivation—it is difficult for me to oppose economic aid, especially food, for Cambodia.

But, Mr. President, I am convinced that in the present instance, American economic aid has become little more than another tool of war. The aid we presently send goes not to those who most need it in the Provinces.

It goes largely to the military.

Until such time as I can be convinced that American economic aid for Cambodia will reach the people who need it, then I must vote in opposition.

When I began these remarks, Mr. President, I made reference not only to the President's speech in South Bend and the vote of the Senate Foreign Relations Committee to continue aid, but also to the announcement yesterday that $21.5 million has been "found" which is owed Cambodia.

The transparency of such an announcement leaves me speechless.

I am left to ask only, has this administration no shame?

After all that has transpired, from the Gulf of Tonkin to the Christmas bombing of Indochina in 1972, from Ngo Dinh Diem to Nguyen Van Thieu—out of the whole history of administration deception and deceit, must we accept such condescending arrogance?

I hope not, for our sake, and for the sake of our Nation.

We have reached the final line, Mr. President.

It is time to say, no more.

It is time, once and for all, for ever and always, to write "the end" to the American adventure in Indochina, and to turn our attention, once again, to the hopes and dreams and aspirations of the American people, the men and women to whom we owe our allegiance.

THE ROOTS OF OUR CAMBODIAN INVOLVEMENT: A HISTORIC TRAGEDY

Mr. McGOVERN. Mr. President, the distinguished foreign affairs correspondent, Mr. Stanley Karnow, has written a penetrating account of the sad circumstances by which American military involvement in Cambodia pulled that tiny, peaceful nation into a bloody civil war.

Before voting any more arms to continue this tragic bloodshed I urge every Senator and Congressman to read Mr. Karnow's account in the March 22, 1975, New Republic. 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:

CAMBODIA—THE ROOTS OF INVOLVEMENT

(By Stanley Karnow)

Five years ago this week Prince Norodom Sihanouk was overthrown as Cambodia's chief of state by a group of rivals under the leadership of Gen. Lon Nol, and that event set the stage for what has become, since then, one of the most destructive episodes in contemporary history. For by taking advantage of Sihanouk's ouster to strike at the North Vietnamese and Vietcong sanctuaries along the border of South Vietnam, the U.S. enlarged the Indochina conflagration, and in the process turned Cambodia into a battlefield. And the devastation of that formerly peaceful land continues. Although the inept Lon Nol government barely controls its capital, the Ford administration is still pressing Congress to grant it military aid that can only aggravate Cambodia's agony. The argument that the prolongation of the fighting is preferable to the bloodbath that might follow a takeover by the Communist insurgents is dubious, since the rebels are unlikely to kill more innocent civilians than are now being slaughtered by the rockets promiscuously hitting Pnompenh. Equally specious is the thesis that Cambodia's fall would affect the status of South Vietnam, since the Cambodian Communists have long dominated the regions adjacent to the Vietnamese frontier. The contention that Communists have rejected all attempts to compromise also rings hollow, since no convincing evidence has been presented to suggest that serious negotiating efforts have been tried. Nor is there much substance to President Ford's claim, as he put it the other day, that "if we abandon our allies we will be saying to all the world that war pays," since the Cambodian conflict was initially triggered by the U.S. and has been sustained through an American commitment to the Lon Nol regime that has no legal foundation. Thus the "loss" of Cambodia would not only be the salvation of the Cambodians, it would impair America's global credibility only to the extent that the President is determined to perpetuate a tragedy that was meaningless from the beginning.

It is ironic, looking back on the origins of the U.S. involvement in Cambodia, that it should have ever taken place. For in the period prior to the coup d'état that removed him, Sihanouk was actively seeking to cooperate with the U.S. against the North Vietnamese and Vietcong forces that had encamped on his territory. In an interview that I had with him in December 1967, for example, he openly acknowledged that the Vietnamese Communists were operating inside Cambodia and conceded that he would permit U.S. troops in South Vietnam to pursue them across his frontier. In the same conversation he invited President Johnson to repair the ruptured U.S. relationship with Cambodia by sending an emissary to Pnompenh, and the visit soon afterward of Ambassador Chester Bowles eventually led to the resumption of Sihanouk's diplomatic ties with Washington. Consistent with this approach, Sihanouk tacitly allowed the Nixon administration to carry on its secret bombings of Communist logistical bases, supply routes and manpower concentrations inside Cambodia, and he even authorized his officers to pinpoint targets for the B–52s.

Later, estimating that the US withdrawal from Vietnam would leave him exposed to the North Vietnamese and Vietcong, he proposed that the US furnish him with military and economic assistance in order to bulwark Cambodia against what he termed the "new imperialism" of Asian communism. By late 1969, therefore, Sihanouk was angling to become an American client so that, as he saw it, Cambodia could be protected against its traditional Vietnamese enemy. At the same time, however, he was striving to persuade the Chinese and North Vietnamese to guarantee Cambodia's neutrality.

Sihanouk has charged that the coup that toppled him was the work of the Central Intelligence Agency, but although the CIA had conspired against him in the past, there is no proof that it was responsible for deposing him in March 1970. The action against him was undertaken by a faction of domestic adversaries who, for sundry motives, yearned to seize power, and they overthrew Sihanouk while he was visiting Moscow. At that stage it seems to me, the US missed a key diplomatic opportunity. Anticipating that Sihanouk's fall might tempt the US and South Vietnamese to thrust into Cambodia the French proposed that an international conference based on the Geneva agreements of 1954 and 1962 be called to consider the establishment throughout Indochina of "a zone of neutrality and peace," and the recommendation was supported by the Soviet Union until it was spurned by the Vietcong. But even though the idea appeared to make little headway at first, intensive diplomatic efforts might have kept it alive. For every country concerned with the fate of Cambodia was, during those days, striving to reach some kind of accommodation with the Lon Nol government. Despite attacks against their offices, the North Vietnamese and Vietcong representatives had remained in Pnompenh in an attempt to come to terms with Lon Nol; so had the Chinese and North Korean ambassadors as well as the Soviet envoy. In Washington, meanwhile, the State Department was also receptive to diplomatic possibilities, but the atmosphere was different in the White House—and that was where decisions were made.

Richard Nixon had just seen the movie *Patton*, and as he viewed the Cambodian situation he was itching for decisive action. The situation in Cambodia was far from clear. Encouraged by Lon Nol's army, Cambodians were massacring Vietnamese residents by the thousands while the North Vietnamese and Vietcong, having interpreted the coup against Sihanouk as part of a US plot aimed at them, had emerged from their sanctuaries and were moving in the direction of Pnompenh. Neither Secretary of State William Rogers nor Defense Secretary Melvin Laird was enthusiastic about a US invasion of Cambodia, in part because of its cost and partly because they feared an adverse congressional reaction, but the Pentagon and the US military command in Saigon were eager for an assault and, as he confided to a friend, Nixon agreed that he could not let the Communists "get away with murder."

Accordingly Nixon began in the middle of April to take the small steps that would carry the US into Cambodia. He approved the secret shipment of 6000 captured Soviet weapons from Saigon to the Cambodian army, which had been equipped by the Russians, and he flew some 2000 Cambodian troops who had been fighting in Vietnam to Pnompenh. By April 24 he had decided on the plan to go into Cambodia, and two days later, after seeing *Patton* a second time, he announced it to selected members of his cabinet. In the opinion of a former White House aide, Nixon during this period seemed to develop the sort of aggressive defensiveness that he later displayed in the Watergate affair. On one occasion during the Cambodia planning he told Henry Kissinger, then his foreign affairs adviser, that "the liberals are waiting to see Nixon let Cambodia go down the drain just the way Eisenhower let Cuba go down the drain," and at another time, referring to setbacks he had recently suffered on Capitol Hill, he said that "those senators think they can push me around, but I'll show them who's tough." Kissinger, emulating his boss,

adopted a similar attitude. He told his recalcitrant assistants that "we are all the President's men" and must obey orders, and, when one of them handed in his resignation, Kissinger told him: "Your views represent the cowardice of the Eastern establishment."

The Cambodia operation, according to several senior officials who worked on it, was sloppy from the start. In the first place, probably because Laird had never taken the idea seriously, the military studies were obsolete, and for that reason, the US and South Vietnamese troops who went into Cambodia found that most of the Communists had flown the coop. In addition no thought had been given to the impact of the incursion at home, in the world or even in Cambodia itself. Nixon was unprepared for the storm of protest that swept the US, and his immediate reaction was to blame it on campus "bums." He dismissed the wave of international criticism, and he disregarded the fact that the Cambodians, whom he had plunged into war, had neither the taste nor the capacity to fight. Lon Nol had not been informed in advance of the US invasion, and only after it occurred did the US Embassy in Pnompenh draft a message for him requesting American intervention. He was so worried by the new development, however, that he dispatched his family to the security of Singapore, and his instincts were accurate. He perceived that the conflict would create an insurgency that would, as events have proved, ultimately consume Cambodia.

It is worth revisiting the Nixon administration's statements and measures from the time of the US invasion until the end of 1970, for they demonstrate the degree to which a tactic purportedly designed to hasten the American withdrawal from Vietnam and speed up the Vietnamization program rapidly became a commitment to another war, in Cambodia. On May 5, five days after the invasion began, Laird said that "we are not going to get involved with the Cambodian army," and three days later Nixon pledged that "our logistical support and air support will also come out" when the US and South Vietnamese forces quit Cambodia. In early June the tone of Nixon's remarks changed subtly. Now, he said, the US would continue to fly air missions "to interdict the movement of enemy troops and materiel," and a month after that he reiterated that intention more strongly. Another month later Vice President Agnew said that "we're going to do everything we can to help the Lon Nol government," and although a State Department spokesman denied that this represented a change in US policy, it did. By the middle of November, after the elections, the administration advised Congress that the price tag for military and economic aid to Cambodia would run to at least $285 million for the fiscal year, and Nixon came forth with a fresh rationale for the commitment. The money was "probably the best investment in foreign assistance that the US has made in my political lifetime," he said, explaining that the Cambodians were tying down 40,000 Communists who would otherwise "be over killing Americans." Within a few months Nixon would describe the American obligation to the Lon Nol regime as "the Nixon Doctrine in its purest form"—meaning, as I understood it then and do today, that the chief executive feels that he can delegate the implementation of US policy to a foreign surrogate without reference to Capitol Hill.

Under American auspices the Cambodian army was enlarged sixfold within a year to about 180,000 men. But many of these soldiers were poorly trained and many more were phantoms, put on rosters by their officers to earn fat profits from funds for fictitious troops. An attempt to deploy the Cambodian army in a pincer movement against the North Vietnamese and Vietcong in late 1970 ended in disaster, and, in a report written at that time, James Lowenstein and Richard Moose of the Senate Foreign Relations Committee staff noted that between one-third and one-half of the country was no longer under the control of the Lon Nol regime. At that stage the Cambodian army was dealing mainly with the Vietnamese Communists. But the Cambodian insurgents, who numbered only about 5,000 men in 1970, were beginning to flesh out their ranks, and their force grew rapidly. By early 1972 most of the North Vietnamese and Vietcong had crossed into Vietnam for the offensive that preceded Hanoi's decision to reach an agreement with the US, and the Cambodian insurgents, who include hard-core Communists trained by the Vietminh and elements loyal to Sihanouk, were able to manage their own rebellion. Little is known about them or their field commander, Khieu Samphan, but US intelligence sources estimate that they now comprise about 60,000 men, about a third of them currently surrounding Phnom Penh. A high-level State Department official offered the view a few days ago that the rebels would never have made such spectacular progress if the US had not intervened in Cambodia, and he added: "We'd be even more deeply involved if it hadn't been for congressional pressure. Congress can take credit for the fact that Cambodia didn't become another Vietnam."

That view differs radically from the official administration line that Congress, by forcing a halt to US bombing of Cambodia in August 1973, encouraged the Communists to continue fighting and so thwarted attempts by Kissinger to negotiate a settlement of the war. The story, as Kissinger has been telling it, is that he persuaded Chinese Premier Chou En-lai to arrange a meeting for him with Sihanouk in Peking, but that the encounter was cancelled after Congress voted to stop the bombing in July 1973. One question raised by this tale is why Kissinger did not advise Sens. Clifford Case and Frank Church, the sponsors of the bombing-halt legislation, that he had a negotiating prospect and ask them to postpone their amendment. It is also strange that Kissinger should have taken that possibility seriously when, in background talks with reporters at the time, he expressed the opinion that Sihanouk was merely a figurehead who had no real authority. For whatever it is worth, Sihanouk told me during an interview in Peking in May 1973 that he had twice sought to open discussions with Kissinger but was rebuffed on both occasions. John Gunther Dean, the US ambassador in Pnompenh, was also spurned by Kissinger last year when he proposed that an attempt be made to contact Khieu Samphan, who was then traveling in Eastern Europe.

It is reasonable to presume that the Cambodian insurgents have nothing more to negotiate except the surrender of the Lon Nol government, since even another dose of US aid cannot save the decrepit Pnompenh regime. The best that one can hope for is that the Communists are lenient when they finally take over. Sihanouk pledged in an interview last week that there would be no bloodbath, but it might be useful if the US could persuade him to make that promise official. If blood continues to flow in Cambodia, however, it will have been the fault of a peculiar US conceit that small countries are expendable and that major powers are above morality.

NEED FOR CHANGE IN ESTATE TAX LAWS

Mr. HATFIELD. Mr. President, Congress is faced with some urgent matters in the area of tax legislation. Presently we are dealing with a bill directing tax relief to our troubled economy. Later in the session it is expected that Congress will take up the broader questions of tax changes and reforms.

One of the aspects of our tax laws needing immediate attention is the outdated size of the exemption from estate taxes. While there is still a definite need for estate taxes, I feel that the present exemption is too low. Property values have nearly tripled since the original exemption was written into the tax laws in 1942. Consequently, the estate taxes reach far below the large estates originally intended to be subject to the tax. Family farms and small businesses face difficult burdens with exemption at its present level.

A number of bills have been introduced in the Senate and House to increase the exemption to various amounts. I have chosen to cosponsor a bill introduced by Senator CHURCH, S. 653, which would increase the exemption to $120,000. This appears to be a realistic figure, although I would not oppose bills which would increase the exemption to a different amount.

Recently the managing editor of the Capitol Journal in Salem, Oreg., wrote an excellent editorial on the need for changes in estate taxes. I ask unanimous consent that the editorial be printed in the RECORD.

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

[From The Salem (Oreg.) Capital Journal, Mar. 7, 1975]

TAX LAWS ARE WIPING OUT FAMILY BUSINESS IN U.S.

Didn't the theory work, or was someone lying to us all along?

The inheritance tax, for better or worse, has destroyed the America we once knew and cherished, at least in nostalgia.

We grew up thinking the inheritance tax was a great egalitarian device to keep the haves from eventually having everything. Not only was the tax an easy way of filling a corner of the federal treasury (and helping state bank accounts slightly, too), but it would prevent the rise of another Rothschild family. Compounding of wealth without any diminution made the clan so rich it bought and sold countries (France and Mexico, to name just two), raised armies and financed hemisphere-wide industries. No individual business or industry possibly could survive against them in competition.

Death, taxes and wars have sundered the Rothschild empire considerably.

But few individual businesses and industries remain anyway. The inheritance tax laws and related taxing regulations have done far more in this century than have multi-national financial dynasties to kill off small, medium and even large separate firms.

The inheritance tax hasn't saved the America of small businesses and family farms. It has wiped them out.

Now the big western cattle ranches, some of which have withstood tax onslaughts, are nearing extinction. The National Cattleman's Association, meeting last month in Las Vegas, launched a national campaign to save the remaining ranches by urging Congress to modify the tax laws.

Some cattlemen predicted the last ranch will be abandoned or turned into a subdivision within 15 years—with no beef left for America.

Others point out that no sizable ranch can survive two deaths and two inheri-

tance payments. There's just no way to raise that much money.

The identical thing has happened to locally-owned stores, mills and service firms.

Take Salem. Fifteen years ago there were four or five locally-owned (or Oregon-owned) department stores, several dozen major specialty shops largely owned by their proprietors, and many locally-owned and Oregon-owned supermarkets. The paper mill was partly owned locally, and had local people on the board of directors. Both newspapers were locally owned.

All of the above now are part of national corporations. It's hard to find a locally owned firm with 40 or 50 employes today.

Inheritance taxes, or the anticipation of them by middle-aged owners (coupled with laws on capital gains and tax-free mergers) have been involved in most of these changes.

These have affected just about every undertaking. In a decade or a decade and a half we might be writing a story about the last local business in Salem, or Oregon, or the Northwest.

The cattlemen urge vast changes to halt the move. Key among them is exempting the first $260,000 of value in an estate from inheritance taxes (the first $60,000 now is exempted).

That would be a help in almost all fields. But we doubt it would do more than prolong the demise for another generation.

Capital gains laws, merger laws, income tax codes and many other laws and regulations would have to be modified to turn the thing around. And the effect would be so profound as to amount to a massive change in public policy for the country. We just don't see the seeds of this kind of a change yet. There are too many advantages in this situation for those able to lobby for the status quo.

In other words, the haves can have more, and probably will. The rich will get richer, and all 200 million of us will work for someone else, who works for someone else, who . . . (Welch)

CONSTITUTIONAL AMENDMENT ON ABORTION

Mr. BUCKLEY. Mr. President, on March 10, 1975, the Senate Subcommittee on Constitutional Amendments resumed public hearings on proposed amendments to reverse the Supreme Court's controversial and far-reaching abortion decisions. As the sponsor of two amendments now under consideration, I was greatly impressed by the testimony of Robert Byrn, the distinguished professor of law at Fordham University. Mr. Byrn is an eloquent and learned advocate of the constitutional right to life for all Americans. He has provided the subcommittee with factual data and expert opinion on the legal ramifications of these proposed amendments. I believe that his statement merits the consideration of this body and therefore, I ask unanimous consent that his remarks be printed in the RECORD.

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

STATEMENT BY ROBERT M. BYRN, ESQ.

INTRODUCTION

As I understand it, today's hearings are concerned with the "secondary effects" of the constitutional amendments which have been proposed in response to the Supreme Court's abortion decisions of January 22, 1973. I have dealt with some of these matters in two law review articles which I take the liberty of submitting with, and as a part of, this statement.[1]

There are two types of amendments:

(a) the so-called "States Rights Amendments" which purport to invest in the legislative process the power to regulate, permit or prohibit abortion, and

(b) the Human Life Amendments (S.J.R. 6, 10, and 11) the purposes of which are (i) assure Fourteenth and Fifth Amendment personhood, vis a vis the right to live, to unborn children and to other unwanted human beings who might be endangered by the jurisprudence of Roe v. Wade and (ii) to protect against the exclusion of the lives of any class of human beings, qua class, from the protection of the law which in this context will almost invariably mean the criminal law. (The fundamental goal of a Penal Code is that "the people . . . may be secure in their persons, property, and other interests . . . ." (S. 1, 94th Congress, 1st Sess., 1/15/75).

It must be remembered that the Human Life Amendments are concerned with the fundamental right to live and with the protection of that right against deliberate invasion. There is no intent to intrude upon other areas of the law nor do I see how a rational reading of the Amendments can unearth a different intent.

Motivated by genuine concern, some have asked probing questions about the effects of the Amendments and these questions deserve answers. However, others in the public forum have seemed less interested in genuine dialog than they are in conjuring up surrealistic spectres of a breakdown in the legal system. Although I trust the common sense discretion of this Subcommittee to demand some colorable basis in law for these flimsy spectres, nevertheless we deal here with a matter of life and death. The seriousness of this responsibility has led me to draft this lengthy and, I hope, comprehensive memorandum, covering both the real and the surreal.

Finally, since the witnesses you have called today are lawyers, I presume your interest is in the legal and jurisprudential implications of the Amendments. I leave the battle of statistics to the statisticians.

With all of the above in mind, I have undertaken in this statement to pose and answer a number of questions on the effects of the Amendments.

I. What will be the effect of a "States Rights" amendment?

A "States Rights" Amendment can reasonably be expected to produce the following:

A. Uncertainty as to the right of state legislatures to enact restrictive abortion laws. According to *Roe* v. *Wade*, Due Process in the Fourteenth Amendment includes the right to abort, and states may not restrict that right for the benefit of the unborn child, at least until after viability, because the unborn child has no fundamental right to live. A States Rights Amendment does not purport to recognize any right in the child; it merely removes a federal constitutional inhibition from certain governmental conduct. In other words, the basic holding in Wade that the unborn child has no fundamental right to live would be untouched. Further, a States Rights Amendment does not purport to amend the Due Process Clause in state constitutions. Thus, Wade would remain the law of the land to this extent: let us suppose that a States Rights Amendment has been ratified. State X enacts a restrictive abortion law; the law is challenged in the appropriate court of State X as violative of the Due Process Clause in that state's constitution; the court casts about for precedent on the meaning of Due Process in this context; it lights upon the most authoritative decision—

Footnotes at end of article.

Roe v. *Wade;* the court notes that the subsequently enacted States Rights Amendment did not create a federal constitutional right of unborn children to live, nor did it amend the State X's constitution thus the court on the persuasive authority of Wade declares State X's restrictive abortion law unconstitutional. What has been accomplished?

The outcome I have suggested is not unreasonable. Nor would the addition to the amendment of an acknowledgment that the unborn child is a human being necessarily produce a different result. In declaring Wisconsin's abortion statute unconstitutional, the court in *Babbitz* v. *McCann*, 310 F. Supp. 293 (E. D. Wis.), appeal dismissed, 400 U.S. 1 (1970) stated: "For the purposes of this decision, we think it is sufficient to conclude that the mother's interests [privacy] are superior to that of an unquickened embryo, whether the embryo is mere protoplasm as the plaintiff contends, or a human being, as the Wisconsin Statute declares." 310 F. Supp. at 301. Might not the court in State X reach the same result?

At the very least, there exists a reasonable doubt whether a States Rights Amendment will assure to state legislatures the right to enact restrictive abortion laws.

B. A cheapening of human life: The ultimate issue in teh abortion debate has always been whether the law should recognize that the unborn child has a right to live which is superior to competing claims involving values less than life itself. Constitutional purists may argue whether a state has a right to restrict abortion in the same way that it may restrict hunting animals, but the participants in the abortion debate have not spoken on this level. The focus has been on human life. Were it otherwise, one sincerely doubts that this Subcommittee would be holding hearings. Thus any amendment proposed by this Subcommittee will be taken as a judgment on the central issue: the value of human life.

A States Rights Amendment, in effect, recognizes that an unborn child is a human being, but denies that the child has a fundamental right to live. Yet few would deny that the right to life is to constitutional dimension:

"The very purpose of a Bill of Righs was to withdraw certain subjects from the vicissitudes of political controversy, to place them beyond the reach of majorities. . . . One's right to life . . . depend(s) on the outcome of no elections." *West Virginia State Bd. of Educ. v. Barnette,* 319 U.S. 624, 638 (1943).

"One might fairly say of the Bill of Rights in general, and the Due Process clause in particular, that they were designed to protect the fragile values of a vulnerable citizenry from the overbearing concern for efficiency and efficacy which may characterize praiseworthy government officials no less, and perhaps more, than mediocre ones." *Stanley* v. *Illinois,* 405 U.S., 645, 656 (1972).

On its face, a States Rights Amendment puts that "fragile value of a vulnerable citizenry," the right to live, at the perpetual mercy of shifting legislative majorities (rather than "beyond the reach of majorities") and makes it dependent upon the outcome of bitter political campaigns (although it ought "depend on the outcome of no elections"). Prof. John T. Noonan has written "The worst of the consequences of Roe and Doe is the acceptance of the principle that law can say who is not a human being." Noonan, Why a Constitutional Amendment? 1 Human Life Rev. 26, 32 (1975). Perhaps the worst is yet to come: a States Rights Amendment which expounds the principle that some human beings are not human persons-that they do not possess a fundamental right to live.

Consider the cheapening effect on human life. A restrictive abortion law, avowedly in

tended to protect human life, might be enacted in one state legislative session and repealed in the next as the composition of the legislature changes—and so on ad infinitum. One official, a governor exercising a veto, might deny the right to live to hunddreds of thosuands. State A might severly restrict abortion in response to claims that the unborn child is a human being with a human right to live. Neighhoring State B might be the abortion capital of the world. The right to life would predictably become a political tennis ball. Life and the laws governing its protection would be cheapened.

C. Political agony. At least the Supreme Court in Wade, by inventing a "right" to abort, please one side of the abortion debate. A State Rights Amendment will please no one. For the foreseeable future abortion would be the central issue in state political campaigns. On the most pragmatic of levels, state lawnmakers must live in terror of a State Rights Amendment. What legislator wants to face abortion as a campaign issue in perpetuity!

Frankly I believe that this Subcommittee would be engaging in an exercise in futility were it to propose a States Rights Amendment. The Amendment would have no chance of ratification. No one wants it. To propose a hopeless Amendment might seem a politically expedient way out, but I am convinced from the history of these hearings that this is not what the Subcommittee seeks.

The abortion issue will be resolved only when the people are given the opportunity to decide whether all human beings have a constitutionally protected right to live. Only a Human Life Amendment presents that choice.

II. Will a Human Life Amendment, (a) framed in terms of the Fifth and Fourteenth Amendments and (b) restricted to the right to live, cause "chaos" in constitutional, property, tort, and social welfare law?

A. Restriction to the right to live.

Given the purpose of a Human Life Amendment, it makes sense to restrict the Amendment to the right to live inherent in the guarantees of the Fifth and Fourteenth Amendments. With respect to unborn children, the right to live would include the right to be free of aggressive human experimentation. A famous New York decision concludes that "This guarantee is not construed in any narrow or technical sense. The right to life may be invaded without its destruction . . . the right to life includes the right of an individual to his body in its completeness and without dismemberment." *Bertholf* v. *O'Reilly*, 74 N.Y. 509, 515 (1879). Any medical experimentation on the unborn child, not intended for the medical benefit of that child, would clearly violate the child's right to live—to the completeness of his body—within *Bertholf*. In no way does this interpretation give the unborn child more rights than his afterborn counterparts. Modern law generally prohibits the performance of medical procedures upon a child or other person deemed incompetent of consent unless the procedures are for the medical benefit of that person see, e.g., Annotation, 35 ALR 3d 692.

B. The unborn's tort and property rights will not be diminished.

Where the rights of the unborn child were at stake, the law prior to *Roe* v. *Wade* was completing a process of universal evolution toward full protection of these rights. See Note, The Law and the Unborn Child: the Legal and Logical Inconsistences, 46 Notre Dame Law. 349 (1971). Typically this evolutionary process occurred in an orderly way in the states by court decision and legislative enactment. The Supreme Court in Wade saw no inconsistency between its holding that the unborn child is a non-person the already evolved tort and property rights of the child (93 S. Ct. 705, 731). It is difficult to see, therefore, how limiting a Human Life Amendment to the right to live will in any way diminish these rights or prevent their further evolution.

Finally, there is constitutional precedent for limiting the constitutional rights of the unborn (outside the basic guarantee of the right to live) while at the same time recognizing their legal personhood in other areas of the law. In *Montana* v. *Rogers*, 278 F. 2d 68, aff'd nom., *Montana* v. *Kennedy*, 366 U.S. 308 (1961), plaintiff argued that though he was born outside the United States, he was nevertheless a citizen because he was conceived within the United States. The Court held (278 F. 2d at 72):

"Whatever rights may accrue to an unborn child by the operation of the common law and by statute, it is clear that the Fourteenth Amendment limits citizenship to persons 'born * * * in the United States.'"

Why also may not the Human Life Amendment now be limited to the unborn child's right to live "whatever rights may accrue to an unborn child by the operation of the common law and by statute . . .", and without diminishing these rights in anyway?

C. No expansion of the unborn's tort and property rights will be mandated.

The Fifth and Fourteenth Amendments speak of "life, liberty or property." The Human Life Amendment speaks only of life The Amendment will not mandate a change in property law.

With respect to tort law, it has been claimed that a Human Life Amendment will mandate a personal injury action in favor of the unborn child while still in the womb, and the problems of proof would be insurmountable.

The premise is specious. The spectre is surrealistic.

There is no inconsistency between legal personhood and the denial of a tort cause of action because of uncertainty in proof. More specifically, it has been held that the denial of a tort action for intrauterine injuries unless and until the injured child is born alive is not a denial that the unborn child is a being in esse to whom legal duties are owed. Rather it is based on difficulties in proof. See Matter of Logan, 4 Misc. 2d 283, 156 N.Y.S. 2d 49, affirmed, 2 A.D. 2d 842, 156 N.Y.S. 2d 152, affirmed, 3 N.Y. 2d 800, 166 N.Y.S. 2d 3 (1956); *Marko* v. *Phila. Trans. Co.*, 420 Pa. 124, 164 A. 2d 502 (1966), and the two principles are not inconsistent. *Id.*

It is true that in the past opponents of permissive abortion have argued that if the unborn is a legal person in tort law, instinct as it is with pragmatism, he must also be a legal person under the principled guarantee of life in the Fourteenth Amendment. That the argument is valid does not mean that its converse must also be true. A guarantee of the right to life in a Human Life Amendment will not wipe out of tort law such pragmatic considerations as uncertainty of proof and expediency in the distribution of risk of loss. The Human Life Amendment will mandate no change in tort law.

D. No disruption of constitutional law (e.g., the decennial census and legislative apportionment) will occur.

The Human Life Amendment sets out to redefine the word "person" only as that word is used in the Fifth and Fourteenth Amendments. To the extent that that "person" in other Articles of the United States Constitution has not heretofore included unborn children, it will not include them after ratification of the Human Life Amendment. For instance, Article I, Section II provides for a decennial census. Unborn children have not heretofore been counted in the census. Since the Human Life Amendment does not purport to amend the meaning of "person" in Article I, unborn children will still not be counted in the census after ratification. Similarly, apportionment of the House of Representatives (Article I, Section II; Amendment XIV, Section II) is ultimately founded upon Article I. *Westberry* v. *Sanders*, 376 U.S. 1 (1963). Hence, Congressional apportionment will be unaffected.

Further, the Human Life Amendment is limited to the right to life. The propriety of legislative apportionment within the states is determined by "the right of suffrage," as that right is protected by the Equal Protection Clause, *Reynolds* v. *Sims*, 377 U.S. 533, 555 (1964), not by the right to life. Thus neither the apportionment of the House of Representatives nor of state legislative bodies will in any way be affected by a Human Life Amendment.

Finally, it is to be noted that for purposes of some rights, corporations are persons within Section I of the Fourteenth Amendment. They are not counted in a census or figured into legislative apportionment.

The census and reapportionment objections, as well as other claims of disruption in constitutional law, are frivolous.

E. Reforms of social welfare will be facilitated.

Passage of a Human Life Amendment will facilitate reforms of social welfare law in the following ways:

1. Removal of coercion to abort, and restoration of legislative discretion in the equitable and humane disbursement public assistance funds. Following *Roe v. Wade*, the social engineers of the abortion movement began a campaign to coerce public and private hospitals to open up their doors to abortionists. While they have been unsuccessful as to the latter, most cases now require public general hospitals to make their facilities available for the performance of abortion. In New York, while municipal hospitals were operating efficient abortatoria, people were dying because of a lack of adequate facilities and personnel on other hospital services, the reason being (according to a director of the corporation that runs the municipal hospitals) that much needed funds were being used for abortions. (See discussions at 18 St. Louis L.J. 400–401, submitted herewith.)

As a corollary to the coercion on hospitals, arguments are now being made that Congress cannot constitutionally exclude abortions from medical welfare legislation and that unborn children are not properly includable in programs for Aid to Families with Dependent Children.

It is to be noted that in general there is no separate constitutional right to public welfare. (Cf., discussion at 18 St. Louis L.J. 400, submitted herewith.) A Human Life Amendment, restricted to the right to live, will not create such a constitutional right. Thus the Human Life Amendment will remove the coercive effect of *Roe v. Wade* and restore to legislatures the discretion to disburse public assistance funds in an equitable and humane manner.

2. Decline in the bias against the children of the poor. In an action testing the constitutionality of New York's permissive abortion law, in which I was involved as guardian of certain unborn children, an amicus brief was filed in support of the law on behalf of certain prestigious private agencies. The amici commented that New York's permissive law had "accomplished its beneficent purposes." Among the accomplished purposes was (Brief Amici Curiae on behalf of Citizens Committee for Children et al, page 3, submitted to the New York Court of Appeals in *Byrn v. N.Y.C. Health & Hosp. Corp.*, 31 N.Y. 2d 194, 286 N.E. 2d 887, 335 N.Y.S. 2d 390, appeal dismissed, 410 U.S. 949 (1973)):

"Similarly, it appears that discrimination against the poor and non-white has been substantially eliminated. Thus, in New York City in 1960/1961 the ratio of therapeutic abortions per 1,000 deliveries was 2.6 for white women, .5 for Negro women, and .1 for Puerto

Rican women. *Memorandum of Assemblywoman Constance Cook*, R. 237. During the first nine months under the new law, abortions were performed on New York City residents at the rate of less than 3 for every 10 live births among the City's Puerto Rican community, 4 for every 10 live births among whites, and about 6 for every 10 live births among blacks. J. Pakter and F. Nelson *Abortion in New York City: The First Nine Months*, 3 Family Planning Perspectives, No. 3, at 8 (July 1971)."

One is given pause to wonder why it is "discrimination" when the ratio of government-approved abortions is higher for whites than for blacks and "beneficent" when it is higher for blacks than for whites—when the lives of six unborn black children are deliberately aborted for every ten black children who are born alive. Recently an influential in New York columnist exalted abortion as "A kind of surgery, moreover, that many Americans accept as socially constructive in a nation that cannot feed its populace and is running out of vital nonrenewable resources." Van Horne, *An Anti-Verdict*, N.Y. Post, 2/17/75 at p. 20. She continued:

"The cost of maintaining the children of the poor comes to well over $1 billion a year. The number of children on welfare rolls has tripled in the past ten years. The poor of Chicago have had, for many years, a birth rate almost on a par with that of India. We have long since exceeded our optimum minimum population. Poor families breed more promiscuously than affluent families.

"If we care about the quality of life, if we recognize that today's unwanted children are too often tomorrow's criminals, addicts and public charges, we'll encourage birth control and—when a woman requests it—abortion."

Ashley Montagu and Garret Hardin have written the bottom line to this bias against the children of the poor: "I consider it a crime against humanity to bring a child into the world . . . who itself menaces . . . the quality of the society into which it was born." (Letter from Ashley Montagu to the N.Y. Times, Mar. 9, 1967, at page 38.); "If the total circumstances are such that the child born at a particular time and under particular circumstances will not receive a fair shake in life, then she [the mother] should know . . . that she has no right to continue the pregnancy. . . . It may seem a rather cold hearted thing to say, but we should make abortions available to keep down our taxes, but let us not hestitate to say this if such a statement will move legislators to do what they should do anyway. . . . In this field, as in so many others, economic interest and ethical interest fortunately coincide." (Garret Hardin, quoted in N.Y. Times, May 12, 1969, at page 66).

As Grace Olivarez wrote in her separate statement appended to the report of the Commission on Population Growth, "The poor cry out for justice and equality and we respond with legalized abortion."

One is also given pause to question statistics on reduced maternal mortality rates among the poor. (See discussion in 188 St. Louis L.J. 400–401, submitted herewith). For instance:

1. Should we not include in the mortality and morbidity statistics the poor who have suffered and died in municipal hospitals because funds, which should have been used for lifesaving, were used for abortion?

2. Should we not ask why, for many months after New York's permissive abortion law became effective in July, 1970, subway placards advertised the advisability, from a health standpoint, of early abortion, while no placards advertised the availability to the poor of ordinary health services including early prenatal care? [2]

Footnotes at end of article.

With the enactment of a Human Life Amendment, with its facial emphasis on the inestimable value of a human life at its common-denominator level, we can look forward to an increased awareness of our moral obligation to the most vulnerable members of society—the unborn children of the poor. Saving these lives—not killing them—is what "benificent" is all about.

III. Will not all illegal abortion become murder in the first degree?

The question assumes that any legislative grading which results in a variation in punishment among intentional homicides runs afoul of the Equal Protection Clause of the Fourteenth Amendment.

The assumption is wrong. A distinction must be made between the complete exclusion of the lives of a class of persons, *qua* class, from the law's protection, and an informed legislative judgment on the appropriate punishment for particular offenders or families of offenses. The former would be inconsistent with the Equal Protection Clause. It would represent a legislative judgment that a whole class of human beings are nonpersons—contrary to the dictates of the Human Life Amendment. The latter would not. The purposes of a Human Life Amendment is not to legislate degrees of homicide, nor will that be its effect.[3]

A valid legislative judgment on the degree of punishment for illegal abortion may be based on a variety of factors:

1. The degree of malice. The law recognizes "degrees of evil" and "a state is not constrained in the exercise of its police power to ignore experience which marks a class of offenders or a family of offenses for special treatment." *Skinner v. Oklahoma*, 316 U.S. 535, 540 (1942). Killing an unborn child may, in legislative judgment, involve less personal malice than killing a child after birth, and a legislature may choose to downgrade the punishment accordingly. Certainly there is precedent for it. At various times, state courts have spoken of the right to life of the unborn child as "sacred and unalienable," *State v. Moore*, 25 Iowa 128, 135–36 (1868); *People v. Sessions*, 56 Mich. 594, 596, 26 N.W. 291, 293 (1886); *Gleitman v. Cosgrave*, 49 N.J. 22, 30–31, 227 A.2d 689, 693 (1967) or as entitled "to the same protection as that guaranteed to human beings in extrauterine life," *Trent v. State*, 15 Ala. App. 485, 73 So. 834, 836 (1916), *cert denied*, 198 Ala. 695, 72 So. 1022 (1917). It is evident from the language in each of these cases, that the courts considered the lives of the unborn children to be as valuable as afterborn lives. Yet in no instance did the contemporary state abortion statute categorize abortion as murder in the first degree. (The statutes are collected in Quay, Justifiable Abortion, 49 Georgetown L.J. 395, 447–520 (1961).) There is no reason why a Human Life Amendment, reaffirming the judgment of these courts on the sacredness, unalienability and entitlement to protection of the lives of unborn children, should now result in a mandatory categorization of abortion as murder in the first agree.[4]

Additional precedent for legislative grading of intentional homicides on the basic of malice may be found in statutes outside the abortion field such as the New York statute which labels aiding and abetting a suicide as murder unless it is done without the use of duress or deception in which case it is manslaugher in the second degree (N.Y. Penal Law §§ 125.25; 125.15). Here again there is a differentiation in the degree of malice.[5] Similar to the suicide gradation is an intentional homicide committed under the influence of extreme emotional distress. It too may be lower in degree than other homicides on the basis of lesser malice. (See e.g., N.Y. Penal Law §§ 125.25; 125.20.)

It is to be noted that in each of these cases, the legislative judgment to downgrade the crime from the highest degree of homicide is not grounded in any finding that the victims or class of victims are less than human persons which would be the case if a class were totally excluded from the law's protection. It is based on the varying degrees of malice typical to the different situations. Any argument that a legislature may not make such a judgment—that all intention killings must be treated alike regardless of the state of mind of the killer—is a regressive and reactionary return to the barbarous days of the criminal law.[6]

2. The degree of empathy. It has not been unusual in the past to downgrade certain homicide offenses because of the empathy which the jury predictably feels for the plight of the offender. The jury might be unwilling to convict of a higher degree of the crime but would convict of a lesser degree. This is so even though the downgrading results in different punishments for offenders who, from the point of view of their victims' personhood and their own mens rea, are equally guilty. Illustrative of such statutes are those which punish vehicular homicides less severly than other culpably, negligent homicides. See Byrn, *Homicide Under the Proposed New York Penal Law*, 33 Fordham L. Rev. 173, 204–205, n. 186 (citing, *1963 Interim Report of the N.Y. State Temporary Commission on Revision of the Penal Law and Criminal Code* at page 40).

Given the pressures that frequently surround the decision to abort, a legislature may determine that a jury would typically be unwilling to convict the offender of the highest degree of homicide. As in the case of vehicular homicide, the crime may be downgraded. Neither the legislative downgrading nor the jury's unwillingness to convict of a higher degree signify an approval of the crime or a devaluation of the victim. They are merely expressions of empathy for (but not total toleration of) certain offenders.

3. The requirement of community security. Legislatures may decide that the security and basic order of the community demand that some intentional homicides be punished more severely than others. This is true even though the victims are all Constitutional persons and the offenders are all equally malicious. For instance, might not a legislature validly determine that the intentional killing of a police officer in the course of his duties should be punished as murder in the first degree while other homicides are downgraded? (Cf. New York Penal Law §§ 125.27, 125.25). Might not a legislature make a similar determination with respect of distinguishing between the killing of prenatal and postnatal persons?

For all of the above reasons, abortion would not have to be categorized as murder in the first degree under a Human Life Amendment. Again it must be pointed out, however, that there is a fundamental, generic difference between the validity of downgrading a crime for any of these reasons and the invalidity of totally removing an entire class of human persons from the law's protection.

IV. Will not every other culpable killing of an unborn child by a third person result necessarily in a conviction of that third person of some degree of homicide?

I would refer back to the purposes of a Human Life Amendment (Introduction, supra) and the discretion possessed by legislatures to enact criminal laws consistent with these purposes. (III., supra). In view of the purposes and the discretion, it is clear that legislatures will retain the ultimate power to decide whether to incriminate culpable killings of unborn children where the failure to incriminate will not result in a denial of the law's protection. Whether it be felony murder, involuntary manslaughter (negligence), an assault on a pregnant woman, or any other crime which might result in the death of an unborn child, the protec-

tion that the law affords the pregnant woman and to society in general will devolve upon the child. A felon, a reckless driver, or an assailant of a pregnant woman is guilty of a crime whether or not he is punished for the resulting death of the unborn child. The unborn child is protected by the umbrella of the predicate crime. Thus the determination of whether to incriminate the death of the child in such cases involves no issue of a denial of the law's protection to the lives of an entire class. Such, of course, is not the case with legalized abortion.

V. Will a Human Life Amendment have the effect of enacting into law sectarian religious dogma?

The better view of the history of abortion in Anglo-American criminal law is this: Relying on contemporary science to determine when a new human life begins, the law has sought to protect that life, qua human being, from the first moment of its biological existence. In the early criminal law, that moment was taken to be quickening because contemporary science, with knowledge that it then possessed, could not assure the law that a living human being existed prior to the time that the child was felt to move. Even then, abortion after quickening was not homicide unless the child were born alive and then died because in the event of a stillbirth it was practically impossible to prove that the abortion had caused the death. As science progressed, it was ascertained that human life begins at the moment of conception. The law then sought ways to protect unborn children prior to quickening—even prior to the earliest time that an accurate pregnancy test could be performed. Ultimately, this protection was accomplished by incriminating conduct intended to produce an abortion without requiring that the woman be pregnant. (An extensive review of the history of Anglo-American abortion law is contained in 41 Fordham L. Rev. 814–839, submitted herewith.)

Before the abortion movement of the nineteen-sixties, the law's approach to abortion had been an interdisciplinary mix of the secular, scientific identification of the biological beginning of the life of a new human being with an overall jurisprudential judgment on the inestimable value of human life, as human, as its common-denominator level.

Some would prefer to recast this secular-jurisprudential rationale of the unborn child's right to live into one of religious sectarianism. Obviously the deliberate destruction of innocent human life has overtones that are of religious concern. However, the matter is also of vital secular concern. This was clear at Nuernberg. In one of the Nuernberg military trials, the indictment charged, inter alia, that "Eastern Women workers were induced or forced to undergo abortions." *U.S. v. Greifelt*, 4 Trials of War Criminals Before the Nuernberg Military Tribunal 613 (Gov Pr. Off.), but the rights of unborn children also entered the case. The prosecution introduced into evidence a captured German document (dated October 30, 1943) which commented on the "objections of a minority of reactionary Catholic physicians" to the decree on interruption of pregnancy of female Eastern workers and female Poles. Id. at 1082. First among the doctors' objections was that "the decree was not in accordance with the moral obligation of a physician to preserve life." Id. The relevance of the document became clear in the prosecutor's closing brief. In addition to arguing that Eastern women had been denied the law's protection by being encouraged or even forced to undergo abortions, the prosecution urged (id. at 1077), *"But protection of the law was denied to unborn children* of Russian and Polish women in Nazi Germany." (Emphasis added.) Note that the reference is to *the denial of the rights of the children* themselves. Unless the unborn children were human persons, the American prosecutor, arguing before a court of American judges, would have limited his brief to the violation of the rights of the women, since only "persons" are entitled to the equal protection of the laws. Unborn children were considered to be human persons at Nuernberg. The objection of the Catholic physicians that the abortion decree violated "the moral obligation of a physician to preserve life" was translated into the broader, legal objection that "protection of the law was denied to unborn children . . ." The prosecutor's point was no less valid because it had previously been made in moral terms by physicians whose objections the German government had dismissed with such pejorative labels as "Catholic" and "reactionary."

A law which has a valid secular purpose will not be struck down because it coincidentally embraces the theology of a particular religious sect. *McGowan v. Maryland*, 366 U.S. 420 (1961) (Sunday Closing Laws). Further, as the Nuernberg abortion trial teaches us, a moral principle may have a legal counterpart. American law is not devoid of conscience.

Respect for the fundamental right to live is not the exclusive property of any single religious sect. Nor can the vital, secular-jurisprudential concerns of a Human Life Amendment be distorted by charges of sectarianism.

VI. How will a Human Life Amendment affect an abortion to prevent the death of the pregnant woman?

S.J.R. 6 does not provide for an exception for maternal lifesaving abortions. S.J.R. 10 and 11 do so provide, but in differing language. Several questions arise.

A. Will an exception clause, limited to maternal lifesaving abortions, cheapen human life?

The right to life we speak of is the American jurisprudential ideal of the fundamental sanctity and equality of human life at its common-denominator level. There is no insanctity and equality of human life at its consistency between that ideal and a maternal lifesaving exception to illegal abortion. Neither the ideal nor human life itself will be cheapened by including the exception in a Human Life Amendment.

1. The fundamental sanctity of life.

The American ideal of the fundamental sanctity of life and maternal lifesaving exception have coexisted in our law since the first abortion statutes were enacted. Consider:

Alabama: In *Trent v. State*, 15 Ala. App. 485, 488, 73 So. 834, 836 (1916), cert. denied, 198 Ala. 695, 73 So. 1002 (1917), the Court, in expounding the purpose of Alabama's abortion statute asked rhetorically "[D]oes not the new being, from the first day of its uterine life, acquire a legal and moral status that entitles it to the same protection as that guaranteed to human beings in extrauterine life?" (Quoting and adopting Transactions, Medical Association of Alabama 265-72 1911)). Even though the Alabama abortion statute contained an exception for an abortion "necessary to preserve her life" (see Quay, *Justifiable Abortion*, 49 Georgetown L.J. 395, 447 (1961), the Court viewed the unborn child as a legal person entitled to the same protection as his extrauterine counterpart.

Iowa: In *State* v. *Moore*, 25 Iowa 128, 135–36 (1868), the Court, speaking of the unborn child, stated, "The right to life and to personal safety is not only sacred in the estimation of the common law, but it is inalienable." It is true that the abortion in *Moore* occurred after quickening but "no mention is made of that fact in the opinion," *State v. Harris*, 90 Kan. 807, 813, 136 P. 264, 266, (1913), and the Court was obviously speaking of the "sacred" and "inalienable" right to life of all unborn children. The Iowa abortion statute, in force at the time, permitted an abortion "necessary to preserve the life of such woman." Quay, supra, 470.

Michigan: Referring to the unborn child, the Court in *People v. Sessions*, 58 Mich. 594, 596, 26 N.W. 291, 293 (1886) stated, "At common law life is not only sacred but is inalienable. To attempt to produce an abortion or miscarriage, except when necessary to save the life of the mother under advice of medical men, is an unlawful act and has always been regarded as fatal to the child and dangerous to the mother." Obviously, the Court saw no inconsistency between the "sacred" and "inalienable" right to life of the child and a maternal life-saving abortion. The Michigan statute at the time contained an exception for such abortion, Quay, supra, 483–84.

New Jersey: In *Gleitman* v. *Cosgrove*, 49 N.J. 22, 227 A.2d 689 (1967), plaintiff's husband, wife and child sought damages from two doctors who had attended Mrs. Gleitman during her pregnancy. The Gleitmans alleged that their child had been born with grave defects after the doctors failed to warn them that an attack of German measles suffered by the mother during pregnancy might result in birth defects. The failure to give warning, it was alleged, deprived the family of the opportunity of terminating the pregnancy. In affirming the dismissal of the complaint, the majority of the court emphasized the primacy of the child's right to live while at the same time recognizing that a different question would be presented if the pregnancy had threatened the mother's life (49 N.J. at 30–31, 227 A.2d at 693):

"The right to life is inalienable in our society. . . . We are not faced here with the necessity of balancing the mother's life against that of her child. The sanctity of the single human life is the decisive factor in this suit in tort. Eugenic considerations are not controlling. We are not talking here about the breeding of prize cattle. It may have been easier for the mother and less expensive for the father to have terminated the life of their child while he was an embryo, but these alleged detriments cannot stand against the preciousness of a single human life to support a remedy in tort."

The New Jersey abortion statute, in force when Gleitman was decided, forbade abortions performed "maliciously or without lawful justification," (Quay, supra, 495) but the phrase was interpreted to be confined to an exception to preserve the mother's life. *State v. Moretti*, 52 N.J. 182, 244 A.2d 499, cert. den., 393 U.S. 952 (1968).

It must be clear from the Iowa (1868), Michigan (1886), Alabama (1916), and New Jrsey (1967) decisions and statutes that the American ideal of the sanctity of life and a maternal lifesaving exception have never been regarded as inconsistent.

2. The fundamental equality of life.

A maternal lifesaving exception is not inconsistent with the American ideal of the fundamental equality of human life at its common-denominator level. The exception can be justified at law under the doctrine of "legal necessity" which applies equally to afterborn persons. (See discussion at 41 Fordham Law Review 853–54, submitted herewith).

B. Would other exceptions be consistent with the right to life?

Any exceptions beyond maternal lifesaving are inconsistent with the American ideal of the value of human life.

When one aborts to prevent maternal death, he acts to save life; the life of the child is not subordinated to a lesser value than life itself, and typically there is regret at the life lost. Other abortions are, for all practical purposes, intended to preserve mental tranquility; there is no parity of values, and most frequently the true intent is to kill a burdensome life. Furthermore, how is one to justify exceptions (beyond lifesaving) in

certain instances and not others? Mental tranquility will vary from woman to woman. Woman X might be much more disturbed by the prospect of having to interrupt her postgraduate university education because of a pregnancy due to contraceptive failure than Woman Y whose unborn child has been diagnosed as defective. How can one justify an exception for Woman Y and not for Woman X? Moreover, might not Woman Y, in a given situation, be more disturbed than Woman Z who has become pregnant as the result of rape? Under these circumstances, can an abortion be justified for Woman Z and not for Woman Y?

It is to be noted that in all three cases an innocent child will be killed by the abortion. In no sense, even in the case of rape, can the child be called an aggressor. Killing the child is not self-defense, *i.e.*, "defensive force against felonious attack." (Model Penal Code, Tent. Draft No. 8, pages 16–17.) The child does not threaten "unlawful violence" or "unlawful force" the appearance of which are requisites for self-defense. (Id. at 17.)[7] The child is not the rapist. We do not punish the rapist without proof of guilt of the crime beyond a reasonable doubt. Beyond a reasonable doubt the unborn child of rape is innocent of any crime.

Nor can Woman Z be distinguished from Woman X and Y on the ground that Woman Z did not intend to have sexual intercourse, while Woman X and Y did. Childbearing is not to be viewed as a punishment for voluntary sexual intercourse and withholding abortion cannot be justified on that ground. Woman X did not intend to conceive at all and Woman Y did not intend to conceive a defective child. What occurred is not the "fault" of either of them anymore than Woman Z's pregnancy is her "fault." On the basis of "fault" they are indistinguishable. And so are their unborn children indistinguishable as innocent human beings. It is the deliberate causing of the death of an unborn child for a value less than life itself which renders abortion the antithesis of the American ideal of the fundamental sanctity and equality of life in the case of all three women. Thus, it is not possible to write into the Amendment a limited number of exceptions beyond maternal lifesaving without, on the one hand, doing violence to the ideal of the fundamental sanctity and equality of life and, on the other, unjustifiably differentiating among pregnant women.

It is my personal belief that every direct abortion is immoral. It is also my personal belief that termination of an ectopic pregnancy or removal of a pregnant cancerous uterus is not immoral though in each case the death of an innocent child results. The bases for these personal beliefs are not relevant to this statement. Relevant indeed, however, are the factors common to a direct abortion to save the mother's life and the removal of an ecopic pregnancy, i.e., an unborn child dies; the mother's life is saved, and the traditional American ideal of the value of life is undisturbed.

C. What would be the effect of not including any exception clause, e.g., S.J.R. 6?

The effect would be uncertainty. Assuming that an exception to prevent the death of the pregnant woman is justifiable (A, supra) and other exceptions are not (B, supra), the Amendment should provide for the enactment of the appropriate exception.

Even if the Amendment contained no specific maternal lifesaving exception, it seems probable that the exception would be read into it on the basis of the history of restrictive abortion laws and the doctrine of "legal necessity." (A. and B., supra). Nevertheless, fears have been expressed that a court might overturn a statutory maternal lifesaving exception on the grounds that the Human Life Amendment omits it. To dispel any doubts, the exception, in some form, should be included.

From another point of view, failure to include the exception might lead to other exceptions being read into the Amendment, including, for instances, the specious psychiatric-health abortion. New Jersey's abortion statute, which condemned abortions performed "maliciously or without lawful justification" was interpreted to be confined to an exception to preserve the mother's life in *State v. Moretti,* 52 N.J. 182, 244 A.2d 499, cert. den., 393 U.S. 952 (1968). On the other hand, the Massachusetts statute, which proscribed abortional acts "unlawfully" done was held to include an exception for the "health" of the woman in *Kudish v Board of Registration,* 356 Mass. 98, 248 N.E. 2d 264 (1969). The teaching of these cases cannot be ignored. It is evident that if exceptions to the Amendment are assuredly to be confined to maternal lifesaving situations, then the exception must be spelled out in those terms.

D. Is there a difference in effect between the exception clauses in S.J.R. 10 and S.J.R. 11?

It may be that ultimately there will be no differences in how the exception clauses operate. However S.J.R. 11 seems preferable for several reasons:

1. The protection of S.J.R. 11 is facially universal (as it ought to be in the case of the right to live), leaving it to state legislature to enact the exception. This has traditionally been the province of the states within the boundaries of the constitution.

2. S.J.R. 11 more clearly limits the exception to maternal lifesaving.

3. S.J.R 11 more clearly provides the maximum protection to the unborn child by referring to "medical procedures." In each case, the doctor must make a reasonable and good faith judgment that an abortion is required and another medical procedure will not suffice. As amongst various types of abortion, he must choose the method, consistent with preventing the death of the mother, which will most likely produce a live birth and provide the best opportunity to preserve the child's life.

VII. How will a Human Life Amendment affect the rights and liabilities of women?

It is difficult to see how the rights and liabilities of women will be different under a Human Life Amendment from what they were under a restrictive abortion law prior to *Roe v. Wade* (and the abortion movement of the nineteen-sixties). Almost universally these laws had the effect of protecting the lives of unborn children, as a class, against abortion except when necessary to prevent the death of the mother. As a matter of common sense, the ad terrorem spectres of government invasion of the womb and tort and criminal liability for inadvertent miscarriages did not materialize under prior abortion laws; why should we give them credence now?

Let us consider some of the effects of a Human Life Amendment on women:

A. Will the Amendment mandate incrimination of the illegally aborted woman?

Prior to *Roe v. Wade,* some states penalized the illegally aborted woman; others did not. The exclusion of women from criminality has historical and pragmatic roots.

Historically the woman "did not stand legally in the situation of an accomplice; for although she, no doubt, participated in the moral offence imputed to the defendant she could not have been indicted for that offence; the law regards her rather as the victim than the perpetrator of the crime." *Dunn v. People,* 29 N.Y. 523, 527 (1864). As a "victim," the law deemed her consent a nullity. "I conclude that at common law the act of producing an abortion was always an assault, for the double reason that a woman was not deemed abled to assent to an unlawful act against herself, and for the further reason that she was incapable of consenting to the murder of an unborn infant. . . ." *State v. Farnam,* 82 Ore. 211, 217 161 P. 417, 419 (1916)[8]

Pragmatically, conviction of the abortionist frequently depended upon the testimony of the aborted woman; and the woman could hardly be expected to testify if her testimony automatically incriminated her. See *People v. Nixon,* 42 Michigan App. 332, 343, 201 N.W. 2d 635, 646 (1972) (concurring and dissenting opinion). An omission to incriminate the woman might be no more than a statutory grant of immunity.

Historically and pragmatically, the constitutional personhood of the child would not seem to require incrimination of the aborted woman. However, should the means of a relatively simple self-abortion become commonly available, a question might be raised as to whether the failure to incriminate the woman is not really a class exclusion of the lives of unborn children from the law's protection.

B. Will the Amendment mandate the imposition of tort and criminal liability upon the woman for an inadvertent miscarriage?

Consideration has already been given to the effects on tort and criminal law of a Human Life Amendment. (See supra, II B, II C, III, IV, and VII A). In view of what has been said, it is difficult to understand why a Human Life Amendment should mandate the imposition of tort and/or criminal liability upon a woman for an inadvertent miscarriage.

Moreover, it seems unlikely that a legislature or court would choose to impose liability. (They did not prior to *Roe v. Wade*). There are substantial hurdles.

Presumably liability would be based on some degree of culpable negligence. But every pregnancy differs and doctors differ among themselves on how to treat pregnancies. Dr. Alan Guttmacher wrote in an introduction to a book on what-to-do-until-the-bay-is-born, "In the main I agree with [the author's] advice, but don't panic if circumstances or even your own weak will causes one of Dr. Montagu's admonitions to go unheeded. Perhaps you crave a cigarette so badly that you forget or you simply disobey. The chances for a few cigarettes to cause any substantial obstetrical difficulty such as early labor are too remote to brood over." Buttmacher, *Forward* to Ashley Montague, Life Before Birth vi (1964). If doctors can disagree, the likelihood of finding negligence on the part of the woman is a bit more remote.[9]

Even if negligence were arguable in a particular case, a strong public policy of preserving intra-family harmony would militate against liability. For instance, despite the abrogation of parent-child immunity in New York, it has recently been held that a parent is not liable for injuries suffered by a non sui juris infant for alleged parental failure to supervise the child. *Holodook* v. *Spencer,* N.Y. Law Journal, 1/9/75, at page 1 (N.Y. Court of Appeals, 12/20/74, not yet officially reported). While it is true that a parent may be liable for misfeasance resulting in injury to the child, nevertheless any alleged negligent conduct of the pregnant woman would seem to lean more toward nonfeasance. Another New York case, finding no liability for lack of supervision, characterized as nonculpable nonfeasance such parental lapses as leaving matches or a poisonous substance within the reach of the child. *Lastowski* v. *Norge,* 44 A.D. 2d 127, 132, 355 N.Y. S. 2d 432, 437 (1974) (cited with approval in *Holodook* v. *Spencer*). Even if the pregnant woman's lapse were characterized as misfeasance, the reasons given in *Holodook* for denying liability would, by persuasive analogy, apply here: (1) "We can conceive of few, if any, accidental injuries to children which could not

Footnotes at end of article.

have been prevented, or substantially mitigated, by keener parental guidance, broader foresight, closer protection and better example . . . [I]t would be the rare parent who could not conceivably be called to account in the courts for his conduct toward his child . . ." (Undoubtedly many prenatal injuries could be prevented or substantially mitigated by keener maternal foresight, closer protection, etc. It would be a rare pregnant woman who always followed her doctor's directions to the letter.) (2) "Indeed, if within the wide scope of daily experiences common to the upbringing of a child, a parent may be subjected to a suit for damages for each failure to exercise care commensurate with the risk—for each injury caused by inattention, unwise choice or even selfishness—a new and heavy burden will be added to parenthood." (The same may be said of the pregnant woman and her unborn child.) (3) "In those cases where it is likely that there is no insurance coverage, . . . considerations [against liability] include the prevention of family discord and the correlative concern to preserve the family resources for the aid of all its members." (The same considerations come to bear in the case of a pregnant woman and her child.) (4) "Considering the different economic, educational, cultural, ethnic and religious backgrounds which must prevail, there are so many combinations and permutations of parent-child relationships that may result that the search for a standard [of care]. would necessarily be in vain—and properly so." (The same may be said of the pregnant woman and her child.) (5) "Of the many duties arising from the parent-child relationship, very few give rise to legal consequences for their breach . . . [and] the Legislature has intervened in the family relationship only to a very limited degree."

The analysis by the Holodook court in support of a denial of a cause of action for a child's injuries due to negligent parental supervision is equally applicable to maternal liability for prenatal injuries.

Have some states allowed a tort recovery to children on account of negligent parental supervision? They have, but the standard of care has been that of a reasonable parent (see discussion in Holodook) and obviously, the factors mentioned by the Holodook court must be taken into consideration in determining what is reasonable. Thus even in these other states, the chances of recovery are small and the likelihood of extending the material liability to prenatal injuries even smaller.

Might a legislature choose to incriminate a pregnant woman's reckless disregard of the life of her child causing the injury or death of the child? It might, but it would seem that under all the circumstances the woman's conduct would have to be so egregious that incrimination should offend no one.

The prospects of maternal tort and/or criminal liability for inadevertent miscarriages are filimsy indeed.

C. Will a woman be required to have a monthly pregnancy test to determine whether an unborn child is in existence?

She was not under prior restrictive abortion laws; why should the situation be different under a Human Life Amendment? Typically state abortion laws protected against early illegal abortions by incriminating those acts intended to cause a miscarriage, whether or not the woman was pregnant. One can anticipate the same sort of legislation under a Human Life Amendment.

D. Will a pregnant woman be subjected to an injunction by a court of equity to follow some sort of routine during pregnancy?

Again—she was not under prior restrictive abortion laws; why should the situation be different under a Human Life Amendment?

It is true that in the past courts have ordered unwilling pregnant women to undergo blood transfusions necessary to save the lives of their unborn children—even in the face of a maternal claim of free exercise of religion—but these orders have concerned submission to specific medical treatments to avoid a specific threat to the child's life (See discussion in 41 Fordham L. Rev. 844–49, submitted herewith.) No court has ordered a woman to follow some sort of routine of care during pregnancy. Nor under general principles of equity would a court do so. First of all, as the court noted in *Holodook* v. *Spencer* (B, supra) the law has been hesitant to intrude into family relationships particularly if it involves prescribing some continuous course of parental conduct. Secondly, a court of equity will not issue an injunction unless the injunction can be so framed as to inform the injoined party exactly what to do and what not to do. Thus a court will not compel performance of such vague obligations as to "use one's best efforts," DOBBS, REMEDIES 62 (1973) or to "raise a child in the Catholic faith," *Lynch* v. *Uhlenhopp,* 248 Iowa 68, 78 N.W. 2d 491 (1956). Yet this is exactly the kind of order the court would have to issue to a pregnant woman because an order injoining specific conduct could not be framed. It would be impossible for a court to tell the woman what she may eat at every meal, when and how many times she may get out of bed, what physical movements she may make, how she is to walk, the number of times she may visit the bathroom, which books, television and radio programs will not overstimulate her, and so on ad infinitum. Particularly is this true, given differences among women in cultural background, economic resources, personal obligations, and the advice they receive from their doctors. The alternative would be a generalized injunction to "rest" or "eat properly" or "be careful"—the kind of vague direction a court of equity will not give.

VIII. How will a Human Life Amendment affect contraceptive drugs and devices?

A. Abortion vs. contraception.

A 1962 Planned Parenthood pamphlet, an extract of which is appended to this statement, pinpoints the difference between abortion and contraception: "An abortion kills the life of a baby after it has begun. . . . Birth control merely postpones the beginning of life."

A Human Life Amendment reaches abortion not contraception. It will have the following effect on various drugs and devices:

1. Drugs and devices which function only as contraceptives will, of course, be unaffected.

2. Traffic in drugs and devices which function only as abortifacients will predictably be limited to licensed businesses, and the use of such drugs and devices will be dependent upon a licensed physician's reasonable and good faith determination that an abortion is required to prevent the death of a pregnant woman.

3. Traffic in, and use of, drugs and devices which (a) have uses in addition to their use as abortifacients or (b) may operate either as contraceptives or abortifacients will predictably be subjected to close regulation to assure their proper use, under appropriate medical supervision, for a genuine medical purpose.

4. A legislature or appropriate administrative agency may choose to outlaw a particular drug or device on a finding that its legitimate use is not sufficiently compelling compared to its misuse as an illegal abortifacient.

5. Legislatures will protect against illegal abortion by (a) prohibiting acts intended to cause an illegal abortion—including the dispensing of abortifacient drugs and devices—whether or not the woman is pregnant and (b) punishing more severely those abortional acts which result in a miscarriage.

B. The beginning of life: "Moment of fertilization" (SJR 6) vs. "all human beings, including their unborn offspring at every stage of their biological development" (SJR 10 and 11).

It is evident that both these phrases are intended to recognize the human personhood of the unborn child and protect the child's life from the first moment of the child's existence. As between the two, it becomes a question of which will better accomplish these purposes. I prefer the wording of SJR 10 and 11 for the following reasons:

1. It more precisely expresses the intent of the framers of the Fourteenth Amendment to identify human personhood (and the fundamental right to live) with common-denominator factual humanbeingness, i.e., the biological existence of a particular life.

2. It employs medical language in common usage at the time of the framing of the Fourteenth Amendment and the developmental years of abortion legislation immediately thereafter.[10]

3. It more clearly establishes protection from the moment of conception, which both science (stripped of the self-serving and subjective judgments of the pro-abortionists) and law have recognized as the beginning of the life of a new human being. (See 18 St. Louis L.J. 383–91; 41 Fordham L. Rev. 827–39, submitted herewith). Conception, which has frequently been used as a synonym for fertilization, has been perverted by some to mean "a process" or "implantation." The same type of specious redefinition might befall "moment of fertilization." On the other hand, SJR 10 and 11 do not rely upon the meaning of a single word. They describe the biological facts and ask the question of everyone who would kill an unborn child at or after conception, "Is this not a stage of biological development?" There can be no other answer except "Yes," and the aegis of Amendment protects the child.

4. It more explicitly expounds the fact that each human life is a continuum from conception to death.

IX. Is a human life amendment just another prohibition amendment?

There are substantial differences:

1. A Human Life Amendment is an affirmation of a fundamental human right; the Prohibition Amendment merely removed a pre-existent right. Contrary to the Prohibition Amendment, the Human Life Amendment carries on its face a moral incentive for compliance—respect for the life of another.

2. A Human Life Amendment will serve as an educational tool for promoting the moral incentive. It would certainly be appropriate for government agencies, under the aegis of the Human Life Amendment, to undertake a program of education on the facts of life before birth and the unborn's right to live. Experience indicates that those who have seen pictures of the unborn do not, for the most part, any longer consider them to be only pieces of tissues. See ROSENFELD, THE SECOND GENESIS 125 (1969). Let us remember, too, "Our Government is the potent, the omnipresent teacher. For good or for ill, it teaches the whole people by its example." *Olmstead v. U.S.,* 277 U.S. 438, 485 (1928) (Brandeis, J., dissenting).

Up to 1963, a Planned Parenthood pamphlet contained the statement, "An abortion kills the life of a baby after it has begun." (An extract from the pamphlet is appended hereto.) After 1963, that statement was omitted. In 1970, Harriet Pilpel, counsel to Planned Parenthood, wrote, concerning legalized abortion, "As our laws in the United States are repealed or liberalized or declared

Footnotes at end of article.

unconstitutional, it becomes clear that only half the battle is won and that public and professional attitudes and the will (or lack of will) to implement the freedom conferred are also crucial." *Book Review,* N.Y. Times, June 14, 1970, § 7 at 6. One would hope that after the ratification of the Human Life Amendment, those who have been waging the other "half the battle" to influence "the public will" to "implement the freedom" to abort will cease their war. Perhaps they will ultimately return to the realization that "abortion kills the life of a baby after it has begun," and reinsert that fact in their educational literature.

3. Professor Paul Freund points out that ultimately it appeared to the public that Prohibitionists opposed drinking not so much for the pain it caused to society or to the drinker, but for the pleasure which the drinker derived from it. Freund, on Law and Justice 42 (1968). There is no such ambiguity of motivation in a Human Life Amendment.

4. Where basic human rights are at issue (which was not the case of the Prohibition Amendment), the state interest is minimizing violations of the law is not sufficiently compelling to tolerate legalized invasions of these human rights. For instance, the Supreme Court has frequently confronted arguments that de jure segregation of the races promotes the public peace by preventing race conflict, and integration results in chaos and violence against blacks. Inevitably the Supreme Court has rejected such arguments on the ground that basic rights cannnot be denied to a class simply because of hostility toward that class. (See discussion at 18 St. Louis L.J. 395–96, submitted herewith.) "If a community evidences a growing inclination to ignore the most basic rights of a helpless minority, one should not regard the repeal of criminal laws enforcing these rights as the appropriate response of the leaders of society. Instead they should seek to instill or revive an application of and respect for the rights protected by law." Gianelli, *The Difficult Quest for a Truly Humane Abortion Law,* 13 Vill. L. Rev. 257, 268 (1968).

5. The jurisprudence of Wade carries implications far beyond the rights of the unborn and endangers the rights of other burdensome people. (See discussion at 41 Fordham L. Rev. 859–61; 18 St. Louis L. J. 390–91, 404–406, submitted herewith.) These implications transcend any discussion of the immediate effectiveness of a Human Life Amendment.

There will always be abortion, just as there will always be invasions of the civil rights of minority groups. Just as civil rights legislation and Court decisions have served an educational function in awakening the public to the rights of minorities, so too will the Human Life Amendment tend to minimize abortion and, more importantly, restore the basic jurisprudence of the nation.

The analogy to Prohibition fails; a more precise analogy is to the Thirteenth, Fourteenth and Fifteenth Amendments.

X. *What will be the effect of the presence (S.J.R. 11) or absence (S.J.R. 6 and 10) of a "private action" clause?*

S.J.R. 11 contains a private action clause: "No unborn person shall be deprived of life by any person. . . ." S.J.R. 6 and 10 do not. A private action clause is desirable for a number of reasons:

1. It will enhance the educational effects of the amendment (see IX, supra) by clearly subordinating the right of privacy to the right to live.

2. It will head off onerous and lengthy challenges to restrictive state abortion laws enacted pursuant to the amendment. In his testimony before this Subcommittee, Professor Laurence Tribe contended that a woman's right to abort ("privacy") would be superior to the unborn children's right to live even if the child were a constitutional person under the proposed Human Life Amendments then under consideration. I believe Professor Tribe is wrong. What he has done is substitute an absolute "right" to control one's body for the more limited right of privacy expounded by the Court in Wade. Indeed, the Court specifically rejected the absolute right advocated by Professor Tribe. See 93 S. Ct. 726–27. Further, Professor Tribe failed to discuss other limitations on privacy including the pre-Wade cases in which a pregnant woman, contrary to her wishes and her religious convictions, was forced to undergo a blood transfusion to save the life of her unborn child. (See 41 Fordham L. Rev. 843–49; 18 St. Louis L.J. 401–405, submitted herewith.) These cases establish the paramountcy of the child's right to life.

Nevertheless, Professor Tribe's testimony lays the ground work for litigation challenging restrictive state abortion laws enacted pursuant to the Amendment. More than likely the litigation will fail but it will be onerous and lengthy and who can say what a court, committed to the new ethic and exercising "raw judicial power," will do? The private action clause in S.J.R. 11 explicitly establishes the paramountcy of the unborn child's right to live and precludes the kind of litigation envisioned by Professor Tribe.

3. The private action clause is not intended to pre-empt the right of states to determine the appropriate criminal sanctions for abortion. The private action clause complements the right to life in the Fourteenth Amendment in the same way that the Thirteenth Amendment, with its proscription of private action, complements the right to liberty. The Fourteenth Amendment is directed toward governmental action. Language in some Supreme Court decisions would seem to support the right of Congress to enact remedial civil rights legislation, without the requirement of state action, under the implementing clause of the Fourteenth Amendment. Lest any doubt remain, the private action clause in S.J.R. 11 would assure the viability of Congressional legislation providing for instance, for an equitable remedy in the federal courts, via individual or class action, against a private hospital or doctor performing abortions in contravention of the rights established by the Amendment. The remedy would be particularly important if a state intransigently refused to enact abortion legislation.

The implementation section of S.J.R. 11 is the vehicle for Congressional legislation under the private action clause. It provides, "Congress and the several states shall have the power to enforce this article by appropriate legislation within their respective jurisdictions." The "jurisdiction" of Congress here is clearly the nation as a whole. (Cf., e.g., the Thirteenth Amendment: "Neither slavery nor involuntary servitude . . . shall exist within the United States or any place subject to their jurisdiction.") However, for the sake of constitutional uniformity, it might be preferable to omit the phrase "within their respective jurisdictions."

For the above reasons, the Amendment should include a private action clause.

XI. What effect will human life amendment have upon euthanasia?

From time to time doctors are called upon to make life and death decisions. When these situations arise, the vast majority of doctors conduct themselves with due regard for their patients' right to live. For instance, there may come a time during the last stages of a terminal illness when doctors, at the instance of the patient or relatives, will cease the administration of fruitless medical treatment which merely puts the inevitable off for a short time. See, e.g., Nolen, The Making of a Surgeon 271–72 (Pocket Books ed. 1972).

None of the Human Life Amendments touch this or similar situations.

Rather S.J.R. 10 and 11 explicitly seek to assure as a matter of principle that no human being will be deprived of the right to life by being categorized as a nonperson on account of "age, health, function or condition of dependency." That there are doctors who contemplate just such a redefinition of human person is clear from the editorial in California Medicine which Senator Buckley included in his introductory remarks to S.J.R. 119 on May 31, 1973.

It requires no belaboring of *Roe* v. *Wade* to conclude that the burdensome have been left in peril:

1. (a) The Court put forth as justification for its purported refusal to resolve the crucial issue of fact when human life begins, "When those trained in the respective disciplines of medicine, philosophy, and theology are unable to arrive at any consensus, *the judiciary, at this point in the development of man's knowledge, is not in a position to speculate as to the answer.*" 93 S. Ct. at 730. (Emphasis added) (See discussion in 41 Fordham L. Rev. 840–42, 859–861, submitted herewith.)

(b) Professor Joseph Fletcher, a foremost theoretician of the abortion movement has written, "When is the *humanum,* humanness, here and when is it gone? *In our present state of knowledge, I suspect this is an unanswerable question* but that therefore we ought to be putting our heads together to see what criteria for being 'human' we can fairly well agree upon. It's worth a try." *Medical initiative is at stake in both abortion and euthanasia and the problem is ethically the same." The Ethics of Abortion,* 14 Clinical Obstetrics & Gynecology 1124, 1128 (1971). (Emphasis added).

2. (a) The Supreme Court wrote "With respect to the State's important and legitimate interest in potential life, the 'compelling' point is at viability. This is so because the fetus then presumably has the capability of *meaningful* life outside the mother's womb." 93 S. Ct. at 732. (Emphasis added).

(b) Dr. Walter W. Sacket, Jr., proponent of a "right to die" bill in Florida, has written of the end of life, "I've had to make a distinction between a semblance of life and life that can be considered *meaningful.*" Medical Economics, (April, 1973). (Emphasis added.) (Quoted in Gastonguay, *Euthanasia: The Next Medical Dilemma,* America, March 2, 1974, at page 152).

It is evident from these two examples alone that the jurisprudence of *Roe* v. *Wade* is the language of aggressive euthanasia—the language of writing human being out of the family of human persons when their lives are no longer "meaningful." (See also 18 St. Louis L. J. 390–91, submitted herewith).

Those of us, who have been in the abortion controversy since the early nineteen-sixties know the danger of the attitude, "It can't happen here." The intent of S.J.R. 10 and 11 (and by implication of S.J.R. 6) is to make certain that it does not happen here. Because S.J.R. 10 and 11 are explicit in this respect, I prefer the language of these Amendments to S.J.R. 6.

FOOTNOTES

[1] *An American Tragedy: The Supreme Court on Abortion,* 41 Fordham L. Rev. 807 (1973): *The Abortion Amendments: Policy in the Light of Precedent,* 18 St. Louis L. J. 380 (1974).

[2] It was many months before posters appeared urging early prenatal care for poor pregnant women. Maternal mortality is highest among the poor who lack the facilities and funds for good medical care and frequently underutilize the services available to them. See Report of the National Commission on Civil Disorders 269–72 (Bantam ed. 1968).

[3] But the amendment cannot be circumvented by enactment of farcical, grossly disproportionate and obviously inadequate

penalties. If, for instance, a fine were the only statutory penalty for illegal abortion, a strong argument might be made that the fine was no more than a tax and provided no protection at all.

[4] Legislatures might also find different degrees of malice in abortions occurring at different times in pregnancy, *e.g.*, an abortion in the eighth week *vs.* an abortion in the twenty-sixth week. However, the complete exclusion from criminality of early abortions would be the exclusion of the lives of an entire class, *qua* class, from the law's protection.

[5] Obviously a person could aid and abet a suicide, without duress or deception, and yet be actuated by the basest of motives. Under such circumstances, he would still be guilty only of manslaughter in the second degree. Nevertheless the legislature has made an overall judgment that the absence of duress or deception is a useful way of distinguishing the degree of malice. So also an abortion may be performed out of the basest motive, but the legislature may choose birth as a useful, overall dividing line in grading the crime on the basis of malice. In short, the legislature makes a judgment on the degree of malice *typical* to a "family of offenses." In this respect "abstract symmetry" is not required. *Skinner* v. *Oklahoma, supra,* 316 U.S. at 540.

[6] In *Skinner* v. *Oklahoma, Supra,* the Supreme Court struck down, as a denial of the equal protection of the laws, a statute which provided for the sterilization of felons convicted of some, but not all, types of theft offenses. It is clear that the court had no objection to gradation of punishment as such: "Thus, if we had here only a question as to a State's classification of crimes, such as embezzlement or larceny, no substantial federal question would be raised." 316 U.S. at 540. Rather its objection was to sterilization. See *id.* at 541; La Fave & Scott, Criminal Law 134 (1972). As noted above, the general principles expounded in *Skinner* refute any argument that illegal abortions would of necessity become murder in the first degree under a Human Life Amendment.

[7] Nor can legal necessity be asserted as justification. Legal necessity at least requires a parity of values, *i.e.*, that the life has been taken in order to save life. (See discussion at 41 Fordham L. Rev. 853, submitted herewith.)

[8] There is, however, authority for the proposition that a woman was guilty of homicide if she self-aborted and the child was born alive and then died. See *Beale* v. *Beale,* 24 Eng. Rep. 373 (Ch. 1713)

[9] On the other hand, the doctor is expected to possess and utilize skill and knowledge which the lay person does not have. Thus the doctor may ultimately be liable to the child for injuries suffered on account of the doctor's negligent treatment of the pregnancy. *Sylvia* v. *Gobeille,* 101 R.I. 76, 220 A. 2r 222 (1966).

[10] Professor Joseph P. Witherspoon, Professor of Law at the University of Texas Law School and a leading civil rights scholar, has done considerable research on the contemporary view of the unborn child at the time of proposal and ratification of the Thirteenth and Fourteenth Amendments.

CONCLUSION

In the light of all the foregoing, I would urge to this Subcommittee:

1. A constitutional amendment is required.

2. A States Rights Amendment is unacceptable.

3. A Human Life Amendment will mandate none of the horrible consequences urged by pro-abortionists, nor is it plausable to conclude that they will occur.

4. The wording of S.J.R. 11 is best suited to the purpose of a Human Life Amendment.

HARDIN AND WEAVER

Mr. MATHIAS. Mr. President, in addition to those of us who serve in this body, there is another "Senator" in town who often is heard, but never is seen. We hear him from time to time while eavesdropping on a unique Washington institution, the Hardin and Weaver show, which is broadcast from 6 to 10 a.m. every day except Sunday over radio station WMAL. The "Senator," who otherwise is nameless, offers random observations on life in the national capital from the perspective of one who obviously enjoys being here, and takes full advantage of everything that he can. Our unseen colleague, the "Senator" who visits Hardin and Weaver, like many of the folk figures familiar to America is not a real-life person, but one of those lively characters who has enriched our lives and literature from the days of Falstaff to those of Mr. Pickwick to our own time. He is but one of the vocal creations of Jackson Weaver, who makes up half the WMAL morning team. His partner in mirth and music is Frank Hardin. Together, for 15 years, they have helped to make mornings more bearable for their listening audience, which is the largest in Washington. They were named by the Washingtonian magazine as Washingtonians of the Year, and several thousand persons dropped in on their 15th anniversary broadcast March 7 from the Kennedy Center. The Washington Post reported that event in its March 8 editions. Mr. President, I am sure that all of us in this body join with our colleague, "the Senator," on the Hardin and Weaver show, in saluting this talented team, and I ask unanimous consent that the Post's article be printed in the RECORD.

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

[Washington Post, Mar. 8, 1975]

LOVING 15 YEARS OF HARDIN AND WEAVER

(By Phil Casey)

One of the most public acts of love ever perpetrated anywhere took place in the Grand Foyer of the Kennedy Center yesterday.

It was an orgy of affection, and several thousand people (perhaps several thousand more than that) indulged themselves in it. It was impossible to count them. Park police said they couldn't count them either, but estimated there were 5,000. They kept coming and going, clapping and laughing.

It was the 15th anniversary of something called Hardin and Weaver, a natural act that goes from 6 to 10 a.m., Monday through Friday, radio station WMAL.

And there were Frank Hardin and Jackson Weaver, both in their middle 50s, basking in the approval of their fellow men and women, all colors and ages. Hardin and Weaver, who are afflicted neither with false modesty nor arrogance, didn't seem to mind it at all.

It became clear that people who have listened to Hardin and Weaver would have enjoyed those men just sitting there and doing nothing, but that's impossible for those two. They are this town's glories of the morning, and they seem to enjoy that fact and each other as much as their listeners do. They are wondrously funny and droll men, but more than that, the rapport they have established with people is indescribable. Even the people who don't like them, like them. In the Washington area, Hardin and Weaver have become something like scotch and soda, dry martinis and peanut butter; they appeal to practically everybody in the morning, a comfort when the alarm clock rings and the day is threatening.

The enormous range of people there included Zachariah D. Blackistone, one of the world's famous florists, who at age 104 moves with difficulty and not without help. He came to celebrate the radio team. He brought flowers, of course.

It was a lovely moment in the 4½-hour broadcast. Hardin and Weaver were plainly affected by Blackistone's visit, particularly when he told them he was dropping in on his way to work.

And there was a girl named Ashley Elizabeth Flood, of Camp Spring, Md., who came in with her mother. Ashley must be the youngest fan Hardin and Weaver have, just as Blackistone must be the oldest. She will soon be 5 months old and was never seen out of her mother's arms. She seemed to smile a lot, or maybe she was burping.

There were other infants there, and other very old people, too. One of the latter was Mrs. Rae Leonhart, 90.

"I'll be 91 in May, if I live that long," she said "I listen to them every morning, but I really came in here today to see if I could change my matinee tickets."

Somewhere in between Ashley and Blackistone were such people as Secretary of the Navy J. William Middendorf II; Mark Russell, the town's resident comedian; and Martin K. Schaller, executive secretary of the District of Columbia, representing Mayor Walter Washington, who was knocked out by the flu.

And, lord, there were others, dozens of them, going up to the microphones and thanking Hardin and Weaver for the pleasure of the company of their voices and talent. There were delegations from the Sri Lanka embassy, the Netherlands embassy, the National Park Service (Weaver gained some of his notoriety for being the voice of Smokey the Bear), the Shriners, the Volunteers for the Visually Handicapped, Goodwill Industries and numerous other social, business and charitable groups. Roy Jefferson of the Redskins was there, too.

There were letters from the British ambassador, folksinger Burl Ives and others. People and organizations sent flowers, plants, cakes and other goodies. Mayor Washington's emissary presented them with two silver trays and a certificate praising their social contributions to Washington area communities.

The U.S. Geological Survey's public relations director, Frank Forrester, presented them with what he called a flower to be named in their honor. It was a skunk cabbage.

John Cox, public relations director of Suburban Hospital in Bethesda, Md., gave them a bunch of azaleas stuffed in a bedpan.

He explained his gesture this way: "They're great guys. They've done so much for people, for hospitals, nursing homes, for people."

Hardin, tall and trim, was resplendent in a white turtleneck and a gray pin-striped suit. Weaver, short but not hard to find, is, to say the least, rotund and has a nice moustache, since he trimmed it. He wore a blue denim suit, a fire-engine-red shirt and a black-and-white tie, the white part being designs of ship's wheels. Weaver is crazy about boats and would have gone to sea if the money hadn't been so good in radio. His real idea of a boat is a yacht.

The wonder of the occasion was how all those people, mainly men and women between their early 20s and 60s, could be there

and not at work. One man, who preferred to remain anonymous, said, "You've heard of annual leave, haven't you?"

It was a festive scene during the broadcast and afterwards at a brunch thrown for the two men in the Key Bridge's Marriott Motor Hotel in Rosslyn, Va.

At the Kennedy Center, there were coffee, tea and danish, a woman in a yellow chicken costume, two men in kilts and a couple of men dressed as clowns. The Norman Schribner Choral Arts Society sank, and Sammy Ferro's band played. At the Marriott, there was a luscious feast and a lot of booze. Hardin and Weaver celebrate like this every five years, whether the guests like it or not. They are decent, honorable and gentle men, but they clearly enjoy a good time.

They like each other and they like their job, even though it means getting up around 4 a.m. to get ready for work.

As Weaver says: "The hardest part about this job is showing up."

BILINGUAL AND BICULTURAL EDUCATION IN NEW MEXICO

Mr. MONTOYA. Mr. President, recently the Albuquerque Journal, the largest newspaper in the State of New Mexico, has published a series of educational and very informative articles concerning bilingual and bicultural education in our State.

The problems faced by educators and parents in New Mexico are similar to those being faced by those in other States, particularly those States in the Southwestern part of the United States. The increasing understanding of the problems of children who do not speak English when they enter school but are fluent in another language has been further stimulated by the Supreme Court decision—Lau against Nichols—which mandated education in a language children could understand. Many States are now trying to correct past deficiencies or establish new programs which will provide equal educational opportunity to "other language" children.

I think my colleagues in this body are aware of some of these problems. Senator KENNEDY, Senator CRANSTON, Senator JAVITS, and others have all spoken to this issue here. However, in our consideration of Federal legislation it is very important that we be aware of the situation on the local level, where teachers, administrators, State legislators, boards of education, and parents are all struggling to resolve real difficulties.

Because the Albuquerque Journal series tries to address all the viewpoints concerned and the pros and cons of various kinds of bilingual or bicultural education, I ask that this series of articles be printed in the RECORD following my remarks. It is only through a real understanding of varying viewpoints that we can move rapidly to implement better educational programs, both in the Office of Education at HEW and on the local level in the district schools of our States.

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

BILINGUAL ROW MULTISIDED

(By Susanne Burks)

(Bilingual education has been the subject of controversy nationwide and the issue in several recent lawsuits. This is the first story in a Journal series on bilingual education, which will trace the controversy, history, philosophy and structure of the issue).

Bilingual education: Should it be "remedial" only, or for enrichment? For all grades or just the lower ones? For all children or only those for whom English is not the native language? Compulsory or optional?

Or should we have it at all?

And if the answer is yes, are New Mexico and the nation doing enough?

These are some of the questions surrounding a topic that has been the object of intensive efforts the last few years, the subject of controversy nationwide and the issue in several lawsuits.

The need for and use of it, of course, is to teach youngsters whose home language is not English and the key to why lies in the phrase "equal educational opportunity."

Bilingual-bicultural education—called "multicultural" in New Mexico—is defined in different ways by different sources, but by a federal definition it is:

"Instruction in two languages and the use of those languages as mediums of instruction . . . for any part or all of the school curriculum and including study of the history and culture associated with the student's mother tongue."

Bilingual-bicultural education is carefully distinguished by numerous sources from English as a Second Language (ESL), sometimes considered a component of but not a substitute for bilingual education.

ESL is defined as "a program designed to teach English language skills within the regular curriculum prescribed for all children" by providing supplementary instruction in English for specified times each day.

The difference is rather crucial in the eyes of bilingual education proponents: ESL is considered "remedial," designed only to teach a child to function in the English language without pretending to involve his culture.

Philosophical differences over bilingual education seem to fall into two major categories that are interrelated: the direction it should take and who should get it for how long.

The differences over direction center on whether it should be "remedial," sometimes called "compensatory," "transitional" or "a bridge," or for "enrichment," sometimes called "maintenance."

The differences over who should get it center on whether it should be just for non-English speakers or for all children and if it should be offered only in the early years of school or throughout the grades.

The two areas of difference are interrelated in that some proponents of the enrichment theory believe that type of education should be not only for the youngsters of the culture in question but for all students in a given grade or school.

Nationally the philosophies range from belief at one extreme that all children should be taught only in English to belief at the other extreme bilingual education should be mandatory for every student from kindergarten through college.

The philosophy heard most often from New Mexico educators seems to take a middle road:

That it should be offered to every child whose native language is not English and should be available on an optional basis to all children who want it or whose parents want it for them.

Comments from some Spanish-American educators, however, seem to indicate they philosophically believe in the kindergarten-through-college—or at least high school—concept but realize the obstacles to that approach.

When educators talk about the all-encompassing approach they mean the "enrichment" or "maintenance" concept of bilingual education.

The approach, as compiled from the descriptions of several educators, involves teaching the child first in his native language, building his knowledge of English gradually, using the languages interchangeably in instruction and continuing the pattern throughout the grades.

An integral part of this approach is incorporation of the culture represented by the second language into the curriculum for all children.

Any part of the curriculum can be taught in English and any part in the other language, according to Henry Pascual, director of the State Dept. of Education's Cross-Cultural Unit, who singled out language and fine arts and social studies as the three main areas of instruction in both languages.

Ideally, instruction on the grammar and structure of the second language, as well as English, is included in this approach.

The remedial approach teaches the child first in his own language while gradually increasing his English proficiency until he can function fully in the latter.

This approach generally excludes instruction in the grammar of the native language, omits culture and—in New Mexico, at least—generally ends with the third grade.

It also "excludes the monolingual speaker of English, whether he is a minority group member or Anglo-American," Pascual wrote in a 1973 report to the State Board of Education.

As described by Carlos Saavedra, director of bilingual-bicultural education for Albuquerque Public Schools, remedial bilingual education "would be programs for kindergarten through third grade to bridge the gap—to teach them what they need to function."

Saavedra said the enrichment approach takes the same tack until the pupils can function in both languages "when you can use both as vehicles for learning—then it becomes an alternative program."

He said he "agrees 100 per cent" with the optional concept because "to force anything down anybody's throat is defeating what you're trying to do."

But noting the large number of Spanish-surnamed students in APS, he said he feels "all of them should have the privilege of this education, nor should the non-Spanish be denied it."

Pascual said he and many other Mexican-Americans advocate the enrichment type of instruction in kindergarten through college, but "it should be on an option basis by school and by district."

Others, particularly Anglo parents, think the option should be up to the family, and apparently some resent inclusion of their children in the programs.

The failures of non-English speaking children in school would seem to constitute an eloquent argument for bilingual education for them on a remedial basis at the very least.

But the philosophy of some, as reported in at least one national publication, holds that no child should be taught in any language but English, which is traced to the "melting pot" concept of U.S. society.

That theory is that all persons of all backgrounds are assimilated into a common culture marked by a common language, ideals and goals—"Americanized."

An article in the October 1974 issue of the Council for Basic Education (CBE) Bulletin questions if "the current wave of ethnic feeling" that allegedly is responsible in part for bilingual education is not "weakening this common American glue and aggravating ethnic tensions and differences."

The article was challenged in the bulletin's December 1974 issue by an educator who cited poor results of "Americanization" in past years, advocated a "salad bowl" approach and said the uniform mold of the "melting pot" most often "has been represented as a white of Anglo-Saxon stock who is motivated by the Protestant ethic."

Another idea behind the philosophy of teaching only in English is that teaching children in a "foreign" language confuses them and slows their ability to learn English, a theory discounted by bilingual education proponents.

Another holds a child will become fluent in English to survive if not allowed to fall back on his own language.

And still another idea is that bilingual education diverts funds and time that could be better used to teach basic subjects to all children.

As expressed by one Albuquerque Anglo parent, who said he is not "anti-Spanish-American" but is referring to the language only, all efforts should be directed to English proficiency to enable all persons to get employment eventually and otherwise function well in U.S. society.

The same thought was expressed in a CBE Bulletin article which, while advocating remedial bilingual education, said "there is no substitute . . . for fluency in standard English and those who lack it are at a great disadvantage—economically, culturally and socially."

Proponents of compulsory bilingual education for everyone argue that proficiency in more than one language is an earmark of educated people.

The November-December issue of Compact, magazine of the Education Commission of the States, quotes Jose Cardenas, director of the Intercultural Development Research Assn., San Antonio, Tex.:

'The United States is one of the few countries in the world where a person could be considered educated while speaking only one language."

Proponents also say persons knowing two or more languages have an advantage in getting employment and in some cases can command higher salaries.

Even stronger arguments dealing specifically with Spanish as the additional language were expressed at a National Bilingual-Bicultural Institute in Albuquerque in fall 1973:

U.S. citizens need to know Spanish to engage in trade and other activities with Latin-American neighbors.

The U.S. has the fifth largest concentration of Spanish speakers in the Western Hemisphere, many of them in the Southwest and the number is growing due to immigration and birth.

In the five Southwestern states, "if the white Anglo-Saxon Protestant expects his children to co-exist in harmony with the Spanish-speaking majority of the year 2000, he should be mandating bilingual education in grades kindergarten through 12 . . ."

As Saavedra put it in a Journal interview, "to accept bilingual-bicultural education is to accept reality. Our nation is a multicultural society."

A resolution introduced to the institute by the New Mexico caucus and passed unanimously for statewide adoption of bilingual-multicultural education for all children and the meeting of related needs.

The varying viewpoints, reduced from philosophical and idealistic levels on both sides, are reflected in practical problems—legislation, funding and parental opinion.

In New Mexico the state bilingual law, recently amended, prohibits segregation and indicates programs shall be open to all children, but in another provision says "priority shall be given to those students whose home language is other than English . . ."

In addition, State Dept. of Education spokesmen believe language in the 1974 HB300, the general appropriations bill, contradicts the philosophy of opening programs to all children.

They also believe state legislation has reflected the remedial rather than the enrichment philosophy.

Dr. Luciano Baca, state assistant superintendent for instruction, said the move to open programs to all children came in the 1974 session from legislators who questioned why state-funded programs should be offered only for Spanish or Indian children.

That question has been repeated in Albuquerque by Anglo parents who want their children in bilingual education and claim discrimination because the programs are not available in many areas, particularly the Northeast Heights.

Saavedra said he has met with one group that is organized and pressing for bilingual programs.

On the other hand, some Anglo parents don't want their children in bilingual programs, sometimes on general principles perhaps reflecting ethnic bias, sometimes for specific reasons.

An Anglo parent told the Journal his children are in bilingual classrooms without his having been given a choice and have homework in Spanish.

The school is "wasting my kids' time teaching them something they'll never need," he said.

Another parent expressed the "wasted time" theory, noting her family likely will not remain in Albuquerque permanently and may have no use for Spanish the next place it lives.

A PTA official also reported knowing personally of at least two schools where Chicano parents feel bilingual education was forced on them against their wishes and object to it because the Spanish taught at school is not the same spoken at home.

She declined to identify the schools and asked that her name not be used.

In still another situation a Northeast Heights elementary school two years ago was turned into a virtual armed camp of parents opposing other parents over an alleged attempt by two teachers to expand an informal bilingual program.

But that problem "has been resolved beautifully and the program is working well," Saavedra said.

Some teachers also reportedly have opposed bilingual education, and many sources—both local and national—attribute the opposition mainly to fear for their jobs, although tenured teachers have protection.

APS bilingual teacher Judy Montoya said she has "run into a lot of teachers who have been just thrown into the program and they should be allowed to transfer.

"There are some schools with bilingual education who had no choice, and it takes a dedicated staff to do it right."

Henry Rodriguez, Albuquerque member of the State Board of Education, said he is making a small survey of teachers to assess attitudes.

MANY LEAVE SCHOOL: LANGUAGE GAP SLOWS STUDENTS

(By Susanne Burks)

The clue to need for bilingual education lies in the tragedy of the millions of youngsters from non-English speaking homes who each year are plunged into English speaking classrooms where they do not understand what the teacher says or what is going on.

They immediately fall behind, then fall further behind as they progress through the grades and many ultimately drop out, a situation traditionally leading to a variety of social problems.

And even those who do not drop out may bear permanent psychological scars from the experience.

A report by the U.S. Commission on Civil Rights on its extensive Mexican-American Education Study says "for every 10 Mexican-American students who enter the first grade, only six graduate from high school.

"In contrast, nearly nine of every 10 Anglo students remain in school and receive high school diplomas."

In New York City 57 per cent of Spanish-speaking students dropped out before graduation, according to the December, 1974, Issue of American Teacher, publication of the American Federation of Teachers, quoting a 1972 Wall Street Journal report.

In New Mexico the State Dept. of Education has no drop-out figures and Albuquerque Public Schools' most recent figures are not broken down by ethnicity.

But a special study in Socorro showed that although Spanish-American students comprised 60 per cent of the high school population, they comprised 75 per cent of the dropouts in 1972 and 1973, a report says.

In addition, reports of New Mexico students' scores on standardized tests indicate Chicanos and Indians, as well as Blacks, scored well below the Anglo levels.

Although one might conclude giving students whose native language is not English instruction enabling them to function in English would be enough, bilingual-bicultural education proponents think otherwise.

As the arguments go, youngsters thrown into a setting where their culture is ignored in materials, instruction and activities—or worse, consciously suppressed—develop negative self-concepts that not only contribute to their under-achievement but also may affect their permanent attitudes toward themselves.

There are, for instance, probably thousands of adult New Mexicans with painful memories of their school days before the advent of bilingual education.

Henry Rodriguez, State Board of Education member from Albuquerque, said he "most definitely" bears permanent scars from his school experiences in Deming.

He said he was kept an extra year in kindergarten because he didn't speak English, always wound up in the bottom with Chicano classmates when the teachers grouped pupils and was forbidden to speak Spanish at school.

In addition, Rodriguez recalls cultural as well as language putdowns, for instance, in the teacher's change of his name for classroom purposes from the correct "Enrique" to "Henry."

"And I've been Henry ever since," said Rodriguez, who is a vocal proponent of the rights of Indian children to bilingual education as well as Spanish-Americans.

Another Albuquerque Chicano, who asked not to be identified, said he flunked a grade after moving from Tierra Amarilla to Denver because he did not speak English and has many scars from the overall Denver experience.

Other pupils made fun of him and two Chicano buddies, and the teacher once called him a "foreigner" and told him to leave the class, he recalled as an example.

The young man, now fluent in English, also cited examples of cultural differences that he feels illustrate the need for the "cultural" part of bilingual-bicultural education—which he feels should be for all children at all grades—as a means of promoting better understanding.

He said because he was taught as a child he should lower his eyes when speaking to an elder, he did so once when stopped by a state policeman while hitchhiking, and the officer, not understanding, picked him up and shook him.

The young man also tells the story of an Anglo teacher in a Bureau of Indian Affairs school who, not understanding the Indian culture, forced a child to wash from his hands soot that had been put there in a religious ritual.

The family was tremendously upset because they considered the spell broken, the young man said.

Properly, then, as the rationale goes, the school must accept all of what the child

brings with him—the language and the culture—and build on it so he feels good about himself and his background and is comfortable in school.

"I think the teaching of the early years should come from the language, culture and experiences of the child," said Dr. Dolores Gonzales, an associate professor at the University of New Mexico and director of a bilingual teacher training program.

Dr. Gonzales also said she teaches initial acceptance by the teacher of the local dialects children bring to school—even archaic and incorrect forms and "Anglicisms—to build a positive image, with instruction in the correct forms coming later.

Just how great the need is for bilingual-bicultural education depends on whose figures one believes.

An article in the summer, 1974, issue of Civil Rights Digest said "nationally five million students do not speak English, according to various federal estimates."

Other sources give other figures, some of them open to question because of their basis but one point of agreement is that the bulk of the non-English speakers—perhaps as many as four-fifths—are Spanish speaking.

And another point of agreement is that not nearly enough of them are getting the bilingual education they need.

The U.S. Commission on Civil Rights' sixth report on its Mexican American Education Study, released last February, said in 1972–73 only 70,000 of the estimated 1.6 million Mexican American students in Southwestern schools were reached in programs funded under Title VII of the Elementary and Secondary Education Act of 1969.

That title deals specifically with bilingual-bicultural education.

The report also said the schools are failing to provide equal educational opportunities to Mexican American students.

In addition, U.S. Sen. Joseph M. Montoya, D., N.M., speaking at a bilingual institute in Albuquerque in the fall, 1973, cited failure of bilingual education efforts at the national level.

RECORDS OF BILINGUAL EDUCATION IN ANCIENT HISTORY

(By Susanne Burks)

Bilingual education, though relatively new in U.S. education, is anything but new worldwide.

It has, in fact, been around since ancient times, according to Dr. E. Glyn Lewis of South Wales, a visiting scholar at the University of New Mexico and expert on the subject.

Dr. Lewis said bilingual education existed in ancient Babylon, in Rome and more recently in parts of Europe, although much of Europe's widely cited bilingualism is not true bilingual education but the learning of foreign languages.

An article in the summer,1974, issue of the Civil Rights Digest says bilingual education in the U.S. dates to before World War I, when it disappeared not to return until the 1960's.

Seen by a top New Mexico educator in a social—rather than a names-and-dates—context, the revival of bilingual education in the U.S. dates to the social revolution of the 1960's, when minorities asserted their equality, pushed the multiculturalism concept and pressed for recognition of both.

Dr. Luciano Baca, state assistant superintendent for instruction, said the move first reflected the "remedial" philosophy of bilingual education—that the child's native language should be taught as a "bridge" to learning in English.

The second step "was that to make that bridge more effective, you must give him the language and the culture, as well," Baca said.

The third step was that we must teach language and culture not as a bridge, but to build self-image, more respectability and acceptability in a school setting, Baca continued.

"And the spin-off of that was that bilingual education should be for everyone," he said.

He said New Mexico educators have gone through the same evolutionary steps and noted reflections of the philosophical differences in state legislation.

And although the movement "emerged as a reaction to the homogenizing of society, it was taken over in some instances by radical militants and has become submerged in the politics used by proponents, as well as opponents," Baca said.

According to the Civil Rights Digest article, the catalyst for revival of bilingual education in the 1960's was the Cuban revolution and subsequent influx of Cuban immigrants into Florida that triggered immediate and urgent need for instruction in English.

Florida thus is credited with starting the first modern-day bilingual education program, although some sources claim it was more the English as a Second Language approach than true bilingual education.

The next major step in the revival of bilingual education was passage of the Civil Rights Act of 1964 which, according to a statement by a U.S. Office of Civil Rights (OCR) official, included in its Title VI a provision that the executive branch "establish and enforce mechanism so as to ensure that:

"No person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance."

And it has been interpreted to cover exclusion and discrimination resulting from language handicaps.

The ultimate sanction under the enforcement mechanism "is the termination of the eligibility of a school district to receive federal financial assistance," Martin H. Gerry, OCR deputy director, told a Congressional subcommittee last March.

Another step along the bilingual education road of particular interest in the Southwest was a 1965 Tucson, Ariz., survey on "teaching of Spanish to the Spanish speaking," which is billed as "the first challenge for equal educational opportunities for the Mexican-American of the Southwest."

The survey, sponsored by the National Education Assn. (NEA) and conducted by Tucson educators, led to several positive recommendations calling for bilingual education.

It also led to a 1966 symposium in Tucson that produced ideas on and proposals for such education and eventually to a national institute in Albuquerque in the fall, 1973, entitled "A Relook at Tucson '66 and Beyond."

The Tucson developments are widely cited as preliminary steps to action, but Dr. Dolores Gonzales, University of New Mexico associate professor, said the study was "too language oriented."

Still another step in bilingual education history was passage of the Bilingual Education Act of 1969, a new Title VII of the Elementary and Secondary Education Act, which initially funded programs to serve about 26,000 pupils, a tiny fraction of those estimated to need bilingual education.

Meanwhile, the federal government, though empowered under the Civil Rights Act, had not seriously attacked segregation or discrimination against children in educational programs, Gerry said in his March statement.

Then, in 1970 OCR issued guidelines for compliance in a policy statement known as the May 25 Memorandum that apparently is the basis for OCR actions that have affected APS and other new New Mexico districts.

Gerry said the memorandum "identified four major areas of concern" relating to compliance with Title VI and also told them the first was receiving top priority.

It said:

"Where inability to speak and understand the English language excludes national origin minority group children from effective participation in the education program offered by a school district, the district must take affirmative steps to rectify the language deficiency . . ."

Although various sources detail a step-up in implementation of bilingual programs and funding for them after issuance of the memorandum, the next major development appears to be a "landmark" court decision in January, 1974.

Known as the Lau vs. Nichols decision, the ruling was issued by the U.S. Supreme Court in overturning a federal court decision on a case brought by Chinese-speaking San Francisco children.

It was based on Title VI of the Civil Rights Act and regulations enforcing that title, and in effect required school districts to take action to overcome pupils' language deficiencies if the deficiencies prevent their benefiting from the educational programs.

The Lau decision was widely hailed at the time as a landmark in promoting bilingual education, but opinions differ as to just how much practical effect it has had.

Meanwhile, a U.S. district court in Albuquerque in February, 1974, ruled against the Kirtland Central Board of Education in a case involving Navajo children.

In another New Mexico case, the U.S. 10th Circuit Court of Appeals in July upheld a federal court decision that required the Portales school system to implement bilingual education programs.

And even more recently the OCR has moved to determine compliance of 21 New Mexico districts with its May 25 Memorandum and the spirit of the Civil Rights Act.

Meanwhile, federal funding for bilingual education has increased substantially since the small beginning in 1969.

Figures differ according to sources, but Terrel H. Bell, U.S. commissioner of education, said during a recent visit to New Mexico $50 million was budgeted for last year, $70 million for this year and $70 million also is proposed for next year.

In New Mexico bilingual education has its roots in Spanish language arts programs in Pecos in 1963 and West Las Vegas in 1965, but more widespread bilingual education is traced to the advent of the Bilingual Education Act of 1969 in a 1973 report to the State Board of Education.

The first state legislation was passed in 1973, mandated bilingual education for certain students and provided the first state funding for it.

In Albuquerque APS initiated bilingual-bicultural education by forming a special committee in 1968 and submitting a project proposal in spring, 1969.

APS began the program that fall at two pilot schools in kindergarten and first grade with the intention of adding one grade per year.

TROUBLED BILINGUAL EDUCATION THRIVES

(By Susanne Burks)

Despite alleged failure elsewhere and controversy, bilingual education continues alive and well in New Mexico.

But it still has some problems, including a survey and threatened investigation by the U.S. Office of Civil Rights (OCR) of suspected discrimintaion in 21 districts related to bilingual education.

A State Dept. of Education report shows 23,058 children served this year in programs funded for a total $2.9 million, of which almost $1 million is from the state.

The report shows 64 of the 88 school districts, some with high concentrations of Indian pupils, are receving state funds and

serving 15,296 pupils, and 20 districts are receiving federal funds and serving 7762 pupils.

Dr. Luciano Baca, assistant state superintendent for instruction, said the state funding is for 1594 program units under the state funding formula, representing 3187 full-time equivalent (FTE) students.

The State Board of Education in its legislative package asked for an increase to 3000 units representing 6000 FTE students, the figures also used by the Legislative School Study Committee.

The total number funded and total amount allocated, however, will depend on the outcome of HB300, the general appropriations bill, which is still under consideration.

The state board also is on record in a policy statement in support of bilingual-multicultural education "to improve education for all children."

The board did not act on a proposed stronger statement more clearly reflecting a culture-based, all-children philosophy presented to it in December by a group representing bilingual concerns.

It did, however, authorize the department's Cross-Cultural Unit to begin working on a curriculum guide, or plan of action, and requested it be given department staff support.

In Albuquerque Public Schools, the bilingual-bicultural education program now serves 9689 children of kindergarten through grade six in 22 schools, five of them added this year, according to Carlos Saavedra, director.

In addition, his office is working on a model for implementation next year in Washington Junior High School and has been charged by the Albuquerque Board of Education with developing a "maintenance" model for kindergarten through grade 12.

Saavedra said the APS program, "validated" by the U.S. Office of Education as a national model, is funded with $140,278 in state money and $200,000 in federal money under Title VII of the Elementary and Secondary Education Act.

As to whether APS is adequately meeting the needs of all language-deficient children, Saavedra said he believes the system has identified about 37,000 with Spanish surnames, and he estimated about one third need bilingual education to function adequately in school.

So, "no, we are not meeting the needs of all children, but we are meeting the needs of all we can within the funds we have."

He noted all those now served are in elementary schools, and those at the secondary level who need bilingual education would be among those whose needs are not met.

Baca could not say whether districts statewide are fully meeting needs because State Dept. of Education needs assessment surveys of this year and last year used "pretty broad" criteria that are open to interpretation.

He also said "if you take the Spanish-surnamed, they (districts) will use all they can because it means dollars."

Other educators indicated the Spanish surname is meaningless in assessing bilingual education needs because many Spanish-surnamed students do not speak Spanish and do not need bilingual education, while some children with Anglo surnames may hear Spanish at home and do need this type of education.

And that problem apparently is the clue to the U.S. Office of Civil Rights survey of 21 districts.

Tom Simons, attorney for the State Board and Dept. of Education, told the board the basis for the survey is a 1972 federal survey on minority enrollment that asked for numbers of Spanish-surnamed pupils but asked little about programs.

The OCR action was revealed Jan. 22 when Peter Holmes, director, announced the office was asking chief state school officers in 26 states to help identify and end suspected language discrimination against minority children in 333 districts nationwide.

According to wire service reports, each of the districts named for review is believed to have either:

—"More than 4000 pupils for whom English is a second language and schools offering no special language training;

—"Or more than 1000 pupils for whom English is the second language and schools offering programs in which fewer than 10 per cent of such pupils are enrolled."

Holmes was quoted as saying his office has "a strong indication" it needs to look into such situations, that "if we find problems, we will ask for corrective action," and that the approach should "strengthen the possibility of voluntary resolution of confirmed violations."

Simons said his office sent out the OCR materials to the 21 New Mexico districts and later also sent special "data collection" forms the department developed to help districts get the information wanted, which deals with numbers of children and their home languages.

The state form is a questionnaire designed to be sent home to parents so they can answer the questions.

Simons sought and got written OCR approval of the forms so the federal office could not come back later and say they were not adequate.

He said March 15 is the OCR deadline for receiving the district reports and that they will go directly to OCR from the districts, although he has asked that they forward copies to the education department.

The federal action was met with hostility by at least one superintendent, Roger L. Luginbill of Roswell, since resigned, who wrote a strong letter to Holmes and also told the state board "we highly resent this kind of shotgunning."

His letter objected to use of 3-year-old data which were "incorrect even at that time," said Roswell is far above the OCR criteria figures and said the district resents the implication it is discriminating.

Simons said another superintendent has raised the question of whether OCR will take into consideration parents' wishes that their children not be put in bilingual education even when the children need it.

Although the OCR action was not revealed to the public until last month, indications it was coming were contained in a March 12 statement by OCR Deputy Director Martin H. Gerry that effort would be made in subsequent months to secure compliance with the anti-discrimination provisions of the 1964 Civil Rights Act.

Gerry referred to the 1972 federal survey and to numbers—2.4 million—of "Spanish surnamed" pupils and also listed six unidentified New Mexico districts as "target" districts, one later identified as APS.

Welshman Tells of Bilingualism

(By Susanne Burks)

Wales, a country of not quite three million people, has probably the oldest system of true bilingual education in the world, according to a Welsh expert who has studied the subject since 1930.

Dr. E. Glyn Lewis, a visiting scholar at the University of New Mexico, also said the Soviet Union offers bilingual education extensively, as do some areas of Europe.

And he traced its history to before the time of Christ, adding "Jewish history in the Mideast is a history of bilingual education."

Lewis is with the Ministry of Education for England and Wales now on leave of absence to complete a comparative study of bilingual education that will embrace Western Europe, the Soviet Union, Africa and the United States.

He is in the U.S. on a Ford Foundation grant to pursue the U.S. part of the study and said he is interested mainly in the Southwest "because of the Spanish and Indian concentrations."

Lewis, who lives near Cardiff in South Wales, said bilingual education in Wales dates to 1890, when the first program was introduced with Welsh as a subject.

He explained about half of Wales' population then spoke Welsh, which is a Celtic language not related to English.

But until that point public education was offered entirely in English and teachers were paid according to the number of children they could make literate in English, Lewis said.

After the advent of bilingual education the teacher pay system covered literacy in Welsh also, and now the goal is "to have kids graduating from high school fluent in both languages," Lewis said.

He said that under the Welsh system English is taught as a language in all schools.

In some schools, however, Welsh is the medium of instruction and English is taught as a second language, and in others English is the medium and Welsh is taught as the second language, Lewis said.

He said in South Wales, which is the more industrialized and highly populated area, English predominates and each school may have only a few Welsh-speaking families.

So the government now is establishing separate schools, both elementary and secondary, to which Welsh-speaking students are bused at parents' request, Lewis said.

Summing up Wales' bilingual program, he said "it is of long standing and probably the oldest anywhere," is comprehensive in that it covers all children and is integrated in that it involves the total school system and is not an addition as in the U.S.

Lewis, a former university professor, also said it extends from kindergarten through college.

He said bilingual education extends to higher education in that Welsh can be the medium of instruction in any subject for students who request it at the University of Wales and the country's 10 teacher training colleges.

Lewis said he spent the equivalent of about three years in the Soviet Union studying the problems of bilingual education and to a question said that nation "certainly has not" solved the problems.

He said more than 400 languages in six groups are spoken in the 12 Soviet Union states, 40 of them in Russia itself, location of Moscow and the seat of government.

Lewis, who has written a book on multilinguism in the Soviet Union, used the Georgian republic as an example of how the system works.

He said Georgia borders Russia and Armenia and is located in the Caucasus mountains where several languages are spoken by separate mountain groups.

So in the Georgian capital Tbilisi, Russian is taught to all children as English is taught in Wales.

But parents have the option of sending their children to a school where the medium of instruction is Russian and Georgian is taught as a second language, where the medium is Georgian and Russian is also taught or where the medium is Armenian and both Georgian and Russian are taught, Lewis said.

And because of the nearby mountain languages, a child from such a location attending a Georgian school thus can emerge from school quadri-lingual, he said.

Lewis said a fourth kind of school is growing in the Soviet Union, especially in the Baltic republic of Lithuania, where dual media of instruction are used in each school but not for each child.

In this system each school has two "streams" of students, one of Russian back-

ground taught in Russian and one of Lithuanian background taught in Lithuanian, Lewis said.

He said the government claims the schools were created to promote what it calls "internationalism," that is, creating sympathy between different nationalities within communities.

"But some people maintain they are created not for this purpose," but to promote "more rapid Russification of all citizens," Lewis said.

He explained a visitor will find that, despite the two "streams" of instruction, the dominant language in school administration and general usage is Russian.

"We had the same pattern in Wales at one time, the dual medium of instruction with each child taught in his language and the other taught as a second language.

"But we found the tendency was that on the playground, and so on, English took over. That's the reason the government decided to create the bused schools."

Of other nations, Lewis said an area of The Netherlands bordering Germany has a bilingual system of recent development in which primary level children are taught in their mother tongue.

And in Belgium, where one area is French speaking, a second area German speaking and a third area bilingual, "true bilingual education"—that in which two languages are used for instruction—is offered in the bilingual zone, Lewis said.

But in most of Europe children receive instruction in their native tongue and learn other languages as foreign languages—not true bilingual education, he said.

Lewis distinguished between acquiring a foreign language and acquiring a second language, saying the latter would happen in a community where that language is spoken and constant "reinforcement" thus is available.

SCHOOLS' BILINGUAL REQUIREMENTS DIFFER

(By Susanne Burks)

Bilingual-bicultural education seems to be based on three major components: Program structure, teachers and materials.

And the teacher component involves training, availability, tenure and sometimes attitude, according to Journal sources.

Carlos Saavedra, director of bilingual-bicultural education for Albuquerque Public Schools, said APS programs differ among the 22 elementary schools where it is taught just as pupil needs differ.

He said the program for each school was developed with the principal staff and community to meet those needs.

Mrs. Emelina D. Pacheco, part-time APS coordinator for bilingual education, also said the program depends to a large extent on the composition of the staff.

She said some schools have self-contained classrooms in which a bilingual teacher teaches all day in both languages and "the organization is up to her although in training we give her suggestions."

As an example of how the programs work, Judy Montoya said she teaches alone in a self-contained classroom at Lew Wallace Elementary School where she instructs in both Spanish and English all day.

She said which language she uses depends on which one a child understands, so she teaches Spanish-speaking children in Spanish first and reinforces in English and does the opposite to monolingual English speakers.

Mrs. Montoya conceded this approach is rather demanding on the teacher "but it's fun . . . You have to constantly be on the ball and be constantly coming up with new ideas on how to introduce the material."

Mrs. Pacheco said in schools where the staff is predominantly English speaking, monolingual and bilingual teachers are teamed with two-three bilingual members spending 40-60 minutes a day each in several classrooms.

In still another situation described by Mrs. Pacheco, one monolingual and one bilingual teacher trade off between two groups of children in the same grade, each teaching half the children half a day then switching so the children are taught partly in English and partly in Spanish.

"It depends on what works best in the school," Mrs. Pacheco said.

She further explained that since APS operates maintenance—not remedial—programs, "our efforts are to have the child learn in both languages."

Subject matter taught in each language, however, is different.

Math, for instance, always is taught in English, while social studies and some science concepts are taught in Spanish.

The language arts have to have some kind of content, "so we have identified concepts (from each subject) which we use to teach language arts in Spanish," Mrs. Pacheco said.

She said bilingual instruction includes monolingual English speakers, and teachers are responsible for grouping in the classrooms and teaching each child at his level.

Saavedra said the instruction includes Spanish grammar and structure.

Although an article in the December issue of the Council for Basic Education Bulletin cites "the scarcity of truly bilingual teachers" as a major obstacle to implementing good programs nationally, Saavedra said there is no shortage in Albuquerque.

Dr. Luciano Baca, assistant state superintendent for instruction, however, said the availability in New Mexico "depends on where you are geographically and culturally."

Saavedra said APS has "many, many applications and we don't have the positions."

He said last year recruiters from other states were here seeking bilingual teachers "and paying fantastic salaries," some based on "differential" pay.

Baca said districts with large numbers of Spanish-surnamed trained teachers can fill the need for Spanish speakers, but the whole southeast belt has "historically not attracted Spanish-surnamed teachers, so there is no built-in pool."

In addition, need for teachers in the Indian languages involves a special set of problems based partly on the variety of dialects, Baca said.

One general problem in getting bilingual teachers lies in teacher tenure, he and other educators said.

For instance, in Portales, which is under court order to expand bilingual education, the problem is two-fold: Lack of Spanish speakers and a very low turnover of tenured teachers, Baca said:

So, lacking funds to add teachers positions, "the only way they could add (bilingual teachers) is by resignations," the method named by the court in an affirmative action plan.

Baca and others emphasized one does not have to have a Spanish surname to be a bilingual teacher.

Mrs. Montoya confirmed "teachers can be either Anglo or Spanish-American—it's more a matter of attitude."

Much more important to teacher success than ethnicity apparently is training.

As Mrs. Pacheco expressed it, "just because a person speaks the language does not necessarily mean she knows the mechanics . . . or can teach it."

Dr. Dolores Gonzales, a University of New Mexico associate professor who directs a bilingual training program, also noted of her students, "they know Spanish but have never had a chance to write it."

The educators traced this gap to the fact that until the advent of bilingual education in New Mexico, the structure and grammar of the Spanish language was never taught in school.

Thus, training may be necessary for even veteran teachers.

Dr. Bernard Spolsky, dean of the UNM graduate school and a professor of linguistics, elementary education and anthropology, told a legislative committee last year a full-time institute conducted by UNM Prof. Miles Zintz several years ago led to the training of the first local experts in bilingual education.

Now, according to Baca, UNM, New Mexico State University, Highlands University and the University of Albuquerque have bilingual training programs and Eastern New Mexico University is establishing one.

In addition, the State Board of Education has established a network of teacher training centers and proposed additions to it, including one in Gallup aimed at Indian bilingual education.

APS also offers its program of teacher training.

Dr. Gonzalez, who previously directed a program on a three-year federal grant, now directs an institute under a new one-year grant aimed at training teachers in curriculum development and materials preparation.

The program currently involves 21 experienced Spanish-speaking elementary teachers working on advanced degrees, Dr. Gonzales said.

She said it is an "integrated" program in which participants are preparing fourth, fifth and sixth grade readers based on New Mexico folk tales, which means they are collecting the literature and adopting and writing it as classroom readers.

Dr. Gonzales said UNM's College of Education also offers a bilingual minor requiring that education students complete prescribed courses in the Spanish language and culture and teaching methodology and do their student teaching in bilingual classrooms.

Another federally funded program at UNM, directed by Dr. Nathaniel Archuleta and called the Child Development Associate Program, trains persons who expect to be teachers or aides in early childhood education programs for bilingual competency in Spanish and English.

Archuleta said the program is one of 13 national pilot projects, operates on an open entry-open exit basis and involves some courses participants can take for credit.

Additionally, UNM is involved in four Navajo-based teacher training programs, an educational administration program, also in Navajo, and a pueblo program, according to Dr. Spolsky.

Spolsky said all the Navajo programs are federally funded, most are "on site" at various communities, with one aimed specifically at secondary instruction, and all are in cooperation with the Navajo Tribal Division of Education or Bureau of Indian Affairs.

The pueblo program is in cooperation with the All-Indian Pueblo Council, Spolsky said.

He said the programs train people selected by the communities and "with lots of emphasis on community relationships."

Spolsky said the programs with which he is involved have been "working on developing materials in Navajo since 1969" with private and government grants and have produced 30 to 40 "little books in Navajo."

He said books have been developed by other agencies for an estimated total of 50.

Most are elementary texts, although more advanced ones have been developed for secondary schools, Spolsky said.

The Spanish books on which Dr. Gonzales' institute is working, when completed, will

round out a series of elementary readers already begun with the writing in past years of readers for grades 1 through 3 under the first grant.

The readers were published by the Bishop Press as the "Land of Enchantment" Series, are copyrighted and are producing royalties for UNM and the federal government, Dr. Gonzales said.

TAX REDUCTION ACT OF 1975

The ACTING PRESIDENT pro tempore. The hour of 11 a.m. has arrived, and under the previous order the Senate will now proceed to the consideration of H.R. 2166, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

COMMITTEE AMENDMENT

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:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Tax Reduction Act of 1975".

(b) TABLE OF CONTENTS.—

SEC. 2. AMENDMENT OF 1954 CODE.

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 Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

SEC. 101. REFUND OF 1974 INDIVIDUAL INCOME TAXES

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6428. REFUND OF 1974 INDIVIDUAL INCOME TAXES

"(a) GENERAL RULE.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 10 percent of the amount of his liability for tax for such taxable year.

"(b) MINIMUM PAYMENT.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $100 ($50 in the case of a married individual filing a separate return).

"(c) MAXIMUM PAYMENT.—

"(1) IN GENERAL.—The amount treated as paid by reason of this section shall not exceed $200 ($100 in the case of a married individual filing a separate return).

"(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) LIABILITY FOR TAX.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) DATE PAYMENT DEEMED MADE.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) JOINT RETURN.—For purposes of this section, in the case of a joint return under section 6013 both spouses shall be treated as one individual.

"(g) MARITAL STATUS.—The determination of marital status for purposes of this section shall be made under section 143.

"(h) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1974 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be substituted for "45 days" each place it appears in such section 6611(e).

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Sec. 6428. Refund of 1974 individual income taxes."

SEC. 102. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by renumbering section 42 as 45 and by inserting after section 41 the following new section:

"SEC. 42. PERSONAL EXEMPTIONS.

"(a) GENERAL RULE.—There shall be allowed to the taxpayer as a credit against tax for the taxable year in lieu of the deduction provided for personal exemptions under section 151 (if such credit results in the imposition of a lower tax under this chapter), an amount equal to $200 multiplied by the number of exemptions which would otherwise be allowed to such taxpayer under section 151. Such credit shall not exceed the tax imposed by this chapter (determined without regard to subsection (b)) for the taxable year.

"(b) DEFINITION.—For purposes of this title, in the case of an individual, the term 'tax imposed by this chapter' means the tax imposed by this chapter reduced by the amount of the credit allowed under this section."

(b) TECHNICAL AMENDMENTS.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Personal exemptions.
"Sec. 43. Earned income.
"Sec. 44. Purchase of principal residence.
"Sec. 45. Overpayments of tax."

(2) Section 2(e) (relating to definitions and special rules) is amended to read as follows:

"(e) CROSS REFERENCE.—

"(1) For definition of taxable income, see section 63.

"(2) For definition of tax imposed by this chapter, see section 42(b).".

(3) Section 63 (relating to taxable income defined) is amended—

(A) by striking out "subsection (b)" in subsection (a) and inserting in lieu thereof "subsections (b) and (c)", and

(B) by inserting at the end thereof the following new subsection:

"(c) INDIVIDUALS ALLOWED THE CREDIT UNDER SECTION 42.—With respect to individuals who are allowed a credit under section 42 (relating to personal exemptions), except for the purposes of sections 1 and 3, the term 'taxable income' means the amount determined under this chapter without regard to section 42.".

(4) Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) INDIVIDUAL ALLOWED A CREDIT UNDER SECTION 42.—With respect to any taxpayer who is allowed a credit under section 42 (relating to personal exemptions), any reference to personal exemptions allowed under this section shall be considered to be a reference to the exemptions which would be allowed under this section without regard to section 42.".

(5) Section 6201(a) is amended by adding at the end thereof the following new paragraph:

"(5) OVERSTATEMENT OF TAX LIABILITY.—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of liability for tax with respect to the credit allowable under section 42 (relating to personal exemptions) or the deduction allowable under section 151 (relating to deductions for personal exemptions), the amount of such liability shall be recomputed by the Secretary or his delegate in the same manner as a mathematical error appearing on the return.".

SEC. 202. TEMPORARY REDUCTION IN INDIVIDUAL INCOME TAX RATES.

Section 1 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(e) REDUCTION IN RATES FOR 1975 AND 1976.—For taxable years beginning after December 31, 1974, and before January 1, 1977, subsections (a), (b), (c), and (d) shall not apply. For such taxable years there is imposed a tax determined in accordance with the following tables:

"(1) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is imposed on the taxable income of—

"(A) every married individual (as defined in section 143) who makes a single return jointly with his spouse under section 6013, and

"(B) every surviving spouse (as defined in section 2(a)),

a tax determined in accordance with the following table:

"If the taxable income is	The tax is:
Not over $1,000	13% of the taxable income.
Over $1,000 but not over $2,000	$130, plus 14% of excess over $1,000.
Over $2,000 but not over $3,000	$270, plus 15% of excess over $2,000.
Over $3,000 but not over $4,000	$420, plus 16% of excess over $3,000.
Over $4,000 but not over $8,000	$580, plus 19% of excess over $4,000.
Over $8,000 but not over $12,000	$1,340, plus 22% of excess over $8,000.
Over $12,000 but not over $16,000	$2,220, plus 25% of excess over $12,000.
Over $16,000 but not over $20,000	$3,220, plus 28% of excess over $16,000.
Over $20,000 but not over $24,000	$4,340, plus 32% of excess over $20,000.
Over $24,000 but not over $28,000	$5,620, plus 36% of excess over $24,000.
Over $28,000 but not over $32,000	$7,060, plus 39% of excess over $28,000.
Over $32,000 but not over $36,000	$8,620, plus 42% of excess over $32,000.
Over $36,000 but not over $40,000	$10,300, plus 45% of excess over $36,000.
Over $40,000 but not over $44,000	$12,100, plus 48% of excess over $40,000.
Over $44,000 but not over $52,000	$14,020, plus 50% of excess over $44,000.
Over $52,000 but not over $64,000	$18,020, plus 53% of excess over $52,000.
Over $64,000 but not over $76,000	$24,380, plus 55% of excess over $64,000.
Over $76,000 but not over $88,000	$30,980, plus 58% of excess over $76,000.
Over $88,000 but not over $100,000	$37,940, plus 60% of excess over $88,000.
Over $100,000 but not over $120,000	$45,140, plus 62% of excess over $100,000.
Over $120,000 but not over $140,000	$57,540, plus 64% of excess over $120,000.
Over $140,000 but not over $160,000	$70,340, plus 66% of excess over $140,000.
Over $160,000 but not over $180,000	$83,540, plus 68% of excess over $160,000.
Over $180,000 but not over $200,000	$97,140, plus 69% of excess over $180,000.
Over $200,000	$110,940, plus 70% of excess over $200,000.

"(2) HEADS OF HOUSEHOLDS.—There is imposed on the taxable income of every individual who is the head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $1,000	13% of the taxable income.
Over $1,000 but not over $2,000	$130, plus 15% of excess over $1,000.
Over $2,000 but not over $4,000	$280, plus 17% of excess over $2,000.
Over $4,000 but not over $6,000	$620, plus 19% of excess over $4,000.
Over $6,000 but not over $8,000	$1,000, plus 22% of excess over $6,000.
Over $8,000 but not over $10,000	$1,440, plus 23% of excess over $8,000.
Over $10,000 but not over $12,000	$1,900, plus 25% of excess over $10,000.
Over $12,000 but not over $14,000	$2,400, plus 27% of excess over $12,000.
Over $14,000 but not over $16,000	$2,940, plus 28% of excess over $14,000.
Over $16,000 but not over $18,000	$3,500, plus 31% of excess over $16,000.
Over $18,000 but not over $20,000	$4,120, plus 32% of excess over $18,000.
Over $20,000 but not over $22,000	$4,760, plus 35% of excess over $20,000.
Over $22,000 but not over $24,000	$5,460, plus 36% of excess over $22,000.
Over $24,000 but not over $26,000	$6,180, plus 38% of excess over $24,000.
Over $26,000 but not over $28,000	$6,940, plus 41% of excess over $26,000.
Over $28,000 but not over $32,000	$7,760, plus 42% of excess over $28,000.
Over $32,000 but not over $36,000	$9,440 plus 45% of excess over $32,000.
Over $36,000 but not over $38,000	$11,240, plus 48% of excess over $36,000.
Over $38,000 but not over $40,000	$12,200, plus 51% of excess over $38,000.
Over $40,000 but not over $44,000	$13,220, plus 52% of excess over $40,000.
Over $44,000 but not over $50,000	$15,300, plus 55% of excess over $44,000.
Over $50,000 but not over $52,000	$18,600, plus 56% of excess over $50,000.
Over $52,000 but not over $64,000	$19,720, plus 58% of excess over $52,000.
Over $64,000 but not over $70,000	$26,680, plus 59% of excess over $64,000.
Over $70,000 but not over $76,000	$30,220, plus 61% of excess over $70,000.
Over $76,000 but not over $80,000	$33,880, plus 62% of excess over $76,000.
Over $80,000 but not over $88,000	$36,360, plus 63% of excess over $80,000.
Over $88,000 but not over $100,000	$41,400, plus 64% of excess over $88,000.
Over $100,000 but not over $120,000	$49,080, plus 66% of excess over $100,000.
Over $120,000 but not over $140,000	$62,280, plus 67% of excess over $120,000.
Over $140,000 but not over $160,000	$75,680, plus 68% of excess over $140,000.
Over $160,000 but not over $180,000	$89,280, plus 69% of excess over $160,000.
Over $180,000	$103,080, plus 70% of excess over $180,000.

"(3) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 143) a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $500	13% of the taxable income.
Over $500 but not over $1,000.	$65, plus 14% of excess over $500.
Over $1,000 but not over $1,500.	$135, plus 15% of excess over $1,000.
Over $1,500 but not over $2,000.	$210, plus 16% of excess over $1,500.
Over $2,000 but not over $4,000.	$290, plus 18% of excess over $2,000.
Over $4,000 but not over $6,000.	$650, plus 21% of excess over $4,000.
Over $6,000 but not over $8,000.	$1,070, plus 24% of excess over $6,000.
Over $8,000 but not over $10,000.	$1,550, plus 25% of excess over $8,000.
Over $10,000 but not over $12,000.	$2,050, plus 27% of excess over $10,000.
Over $12,000 but not over $14,000.	$2,590, plus 29% of excess over $12,000.
Over $14,000 but not over $16,000.	$3,170, plus 31% of excess over $14,000.
Over $16,000 but not over $18,000.	$3,790, plus 34% of excess over $16,000.
Over $18,000 but not over $20,000.	$4,470, plus 36% of excess over $18,000.
Over $20,000 but not over $22,000.	$5,190, plus 38% of excess over $20,000.
Over $22,000 but not over $26,000.	$5,950, plus 40% of excess over $22,000.
Over $26,000 but not over $32,000.	$7,550, plus 45% of excess over $26,000.
Over $32,000 but not over $38,000.	$10,250, plus 50% of excess over $32,000.

"If the taxable income is:	The tax is:
Over $38,000 but not over $44,000	$13,250, plus 55% of excess over $38,000.
Over $44,000 but not over $50,000	$16,550, plus 60% of excess over $44,000.
Over $50,000 but not over $60,000	$20,150, plus 62% of excess over $50,000.
Over $60,000 but not over $70,000	$26,350, plus 64% of excess over $60,000.
Over $70,000 but not over $80,000	$32,750, plus 66% of excess over $70,000.
Over $80,000 but not over $90,000	$39,350, plus 68% of excess over $80,000.
Over $90,000 but not over $100,000	$46,150, plus 69% of excess over $90,000.
Over $100,000	$53,050, plus 70% of excess over $100,000.

"(4) MARRIED INDIVIDUALS FILING SEPARATE RETURNS; ESTATES AND TRUSTS.—There is hereby imposed on the taxable income of every married individual (as defined in section 143) who does not make a single return jointly with his spouse under section 6013, and of every estate and trust taxable under this subsection, a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $500	13% of the taxable income.
Over $500 but not over $1,000	$65, plus 14% of excess over $500.
Over $1,000 but not over $1,500	$135, plus 15% of excess over $1,000.
Over $1,500 but not over $2,000	$210, plus 16% of excess over $1,500.
Over $2,000 but not over $4,000	$290, plus 19% of excess over $2,000.
Over $4,000 but not over $6,000	$670, plus 22% of excess over $4,000.
Over $6,000 but not over $8,000	$1,110, plus 25% of excess over $6,000.
Over $8,000 but not over $10,000	$1,610, plus 28% of excess over $8,000.
Over $10,000 but not over $12,000	$2,170, plus 32% of excess over $10,000.
Over $12,000 but not over $14,000	$2,810, plus 36% of excess over $12,000.
"If the taxable income is:	The tax is:
Over $14,000 but not over $16,000.	$3,530, plus 39% of excess over $14,000.
Over $16,000 but not over $18,000.	$4,310, plus 42% of excess over $16,000.
Over $18,000 but not over $20,000.	$5,150, plus 45% of excess over $18,000.
Over $20,000 but not over $22,000.	$6,050, plus 48% of excess over $20,000.
Over $22,000 but not over $26,000.	$7,010, plus 50% of excess over $22,000.
Over $26,000 but not over $32,000.	$9,010, plus 53% of excess over $26,000.
Over $32,000 but not over $38,000.	$12,190, plus 55% of excess over $32,000.
Over $38,000 but not over $44,000.	$15,490, plus 58% of excess over $38,000.
Over $44,000 but not over $50,000.	$18,970, plus 60% of excess over $44,000.
Over $50,000 but not over $60,000.	$22,570, plus 62% of excess over $60,000.
Over $60,000 but not over $70,000.	$28,770, plus 64% of excess over $60,000.
Over $70,000 but not over $80,000.	$35,170, plus 68% of excess over $70,000.
Over $80,000 but not over $90,000	$41,770, plus 68% of excess over $80,000.
Over $90,000 but not over $100,000.	$48,570, plus 69% of excess over $90,000.
Over $100,000	$55,470, plus 70% of excess over $100,000."

SEC. 203. CREDIT FOR CERTAIN EARNED INCOME.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by inserting after section 42, as added by this Act, the following new section:

"SEC. 43. EARNED INCOME.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of so much of the earned income for the taxable year as does not exceed $4,000.

"(b) LIMITATION.—Notwithstanding the provisions of subsection (a), the amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $4,000.

"(c) DEFINITION.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who—

"(A) maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of that individual and of a child of that individual with respect to whom he is entitled to claim a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents), and

"(B) does not exclude any amount from gross income under section 911 (relating to earned income from sources without the United States) or section 931 (relating to income from sources within the possessions of the United States).

"(2) EARNED INCOME.—

"(A) The term 'earned income' means—

"(i) wages, salaries, tips, and other employee compensation, plus

"(ii) the amount of the taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402(a)).

"(B) For purposes of subparagraph (A)—

"(i) except as provided in clause (ii), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year.

"(ii) the earned income of an individual shall be computed without regard to any community property laws,

"(iii) no amount received as a pension or annuity shall be taken into account, and

"(iv) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) REQUIREMENT OF JOINT RETURN.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for the taxable year under section 6013.

"(e) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) REFUND TO BE MADE WHERE CREDIT EXCEEDS LIABILITY FOR TAX.—

(1) Section 6401(b) (relating to excessive credits) is amended—

(A) by inserting "43 (relating to earned income credit)," before "and 667(b)"; and

(B) by striking out "and 39" and inserting in lieu thereof a comma "39, and 49".

(2) Section 6201(a)(4) (relating to assessment authority) is amended by—

(A) inserting "or 43" after "section 39" in the caption of such section; and

(B) striking out "or", and inserting in lieu thereof "or" or section 43 (relating to personal exemptions),".

(c) AMENDMENT OF SOCIAL SECURITY ACT.—Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 43 of the Internal Revenue Code of 1954)".

SEC. 204. WITHHOLDING TAX.

(a) REQUIREMENT OF WITHHOLDING.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Every employer making payment of wages shall deduct and withhold upon such wages (except as otherwise provided in this section) a tax determined in accordance with tables prescribed by the Secretary or his delegate. The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld for the remainder of calendar year 1975 and for calendar year 1976 and thereafter shall reflect the amendments made by title II of the Tax Reduction Act of 1975 which are applicable to such years. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(b) CONFORMING AMENDMENT.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

SEC. 205. CREDIT FOR PURCHASE OF PRINCIPAL RESIDENCE.

Subpart A of part IV of subchapter A chapter 1 (relating to credits allowed), as amended by this Act, is amended by inserting after service 43 the following new section:

"SEC. 44. PURCHASE OF PRINCIPAL RESIDENCE.

"(a) GENERAL RULE.—In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 5 percent of the purchase price of a principal residence purchased, constructed, or reconstructed by the taxpayer.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) for all taxable years may not exceed $2,000.

"(2) MARRIED INDIVIDUALS.—In the case of a husband and wife who file a joint return under section 6013, the amount specified under paragraph (1) applies to the joint return. In the case of a married individual filing a separate return, paragraph (1) shall be applied by substituting '$1,000' for '$2,000'.

"(3) CERTAIN OTHER TAXPAYERS.—In the case of individuals to whom paragraph (2) does not apply who purchase a single principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals as prescribed by the Secretary or his delegate, but the sum of the amounts to such individuals shall not exceed $2,000 with respect to that residence.

"(4) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under sections 33, 35, 37, 38, 40, and 41.

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

"(1) PRINCIPAL RESIDENCE.—The term 'principal residence' means a principal residence (within the meaning of section 1034), and includes, without being limited to, a single family structure, a residential unit in a condominium or cooperative housing project, and a mobile home.

"(2) PURCHASE PRICE.—The term 'purchase price' means the adjusted basis of the property.

"(3) PURCHASE.—The term 'purchase'

means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(B) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014(a) (relating to property acquired from a decedent).

"(d) RECAPTURE FOR CERTAIN DISPOSITIONS.—

"(1) IN GENERAL.—If the taxpayer disposes of property with respect to the purchase of which he claimed a credit under subsection (a) (referred to in this subsection as the 'old residence') at any time within 36 months after the date on which he commenced occupying it as his principal residence, then the tax imposed under this chapter for the taxable year following the taxable year during which such disposition occurs is increased by an amount equal to that percentage of the amount allowed as a credit for the purchase of the old residence determined by multiplying the amount of the credit allowed for the purchase of the old residence by a (not greater than 1 cent and not less than zero) the numerator of which is an amount equal to the amount determined by subtracting the cost of acquisition of property which qualifies as a new residence under section 1034 from the amount received from the disposition of the old residence and the denominator of which is the amount received for the old residence. For purposes of this paragraph, the cost of acquisition of any property acquired by the taxpayer more than 12 months after the month in which disposition of the old residence was made shall be treated as zero.

"(2) DEATH OF OWNER; CASUALTY LOSS.—The provisions of paragraph (1) do not apply——

"(A) to a disposition is made on account of the death of any individual having a legal or equitable interest in the old residence occurring during the 36 month period to which reference is made under such paragraph, or

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily and involuntarily converted (within the meaning of section 1033(a)).

"(e) PROPERTY TO WHICH SECTION APPLIES.—

"(1) IN GENERAL.—The provisions of this section apply to property acquired and occupied by the taxpayer as his principal residence after March 12, 1975, and before January 1, 1977—

"(A) the construction, reconstruction, or erection of which by the taxpayer commences before January 1, 1976, or

"(B) in the case of property not constructed, reconstructed, or erected by the taxpayer, acquired by the taxpayer under a binding contract entered into by the taxpayer before January 1, 1976.

"(2) SELF-CONSTRUCTED PROPERTY BEGUN BEFORE MARCH 13, 1975.—In the case of property the construction, reconstruction, or erection of which was begun by the taxpayer before March 13, 1975, only that portion of the basis of such property properly allocable to construction after March 12, 1975, shall be taken into account in determining the amount of the credit allowable under subsection (a).

"(3) BINDING CONTRACT.—For purposes of this subsection, a contract for the purchase of a residence which is conditioned upon the purchaser's obtaining a loan for the purchase of the residence (including conditions as to the amount or interest rate of such loan) is not considered non-binding on account of that condition.".

SEC. 206. INDIVIDUALS MAY ELECT 3-YEAR CARRYBACK OF CAPITAL LOSSES.

(a) IN GENERAL.—Section 1212 (relating to capital loss carrybacks and carryovers) is amended by adding at the end thereof the following new subsection:

"(c) ELECTION OF CARRYBACK BY INDIVIDUALS.—

"(1) IN GENERAL.—If a taxpayer other than a corporation has a net capital loss of any taxable year (hereinafter in this subsection referred to as the 'loss year') which equals or exceeds $30,000, and if the individual elects, at such time and in such manner as the Secretary or his delegate by regulations prescribes, the amount of such capital loss—

"(A) shall be a capital loss carryback to each of the 3 taxable years preceding the loss year, but only to the extent the carryback of such loss does not increase or produce a net operating loss (as defined in section 172(c)) for the taxable year to which it is being carried back; and

"(B) shall be treated as a long-term capital loss in each such preceding taxable year to the extent of the net capital gain for such year.

The entire amount of the net capital loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried, and the portion of such loss which shall be carried to each of the other 2 taxable years to which such loss may be carried shall be the excess, if any, of such loss over the total of the net capital gains for each of the prior taxable years to which such loss may be carried. For purposes of the preceding sentence, the net capital gain for any such prior taxable year shall be computed without regard to the net capital loss for the loss year or for any taxable year thereafter. In the case of any net capital loss which cannot be carried back in full to a preceding taxable year by reason of subparagraph (A), the net capital gain for such prior taxable year shall in no case be treated as greater than the amount of such loss which can be carried back to such preceding taxable year upon the application of subparagraph (A).

"(2) COORDINATION WITH SECTION 1211(b)(1).—In determining whether the taxpayer is eligible to make the election under this subsection for any taxable year, and in determining the effect of any such election, the amount of the net capital loss for the taxable year shall be determined by treating the amount referred to in paragraph (1) (A), (B), or (C) of section 1211(b) as zero. No deduction shall be allowed or increased under paragraph (1) (A), (B), or (C) of section 1211(b) for the loss year or for any taxable year preceding the loss year by reason of any carryback under this subsection.

"(3) CARRYFORWARD OF REMAINING AMOUNT.—If the taxpayer has made an election under this subsection for the loss year, the determination of the amount which may be carried under subsection (b)(1) from the loss year to the succeeding taxable year shall be the amount of the net capital loss for the loss year remaining after the application of the carryback under paragraph (1). For purposes of the preceding sentence, short-term capital losses shall be treated as used before long-term capital losses."

(b) MINIMUM TAX FOR PRIOR YEARS NOT AFFECTED BY ELECTION TO CARRYBACK CAPITAL LOSS.—Section 58 (relating to rules for minimum tax for tax preferences) is amended by adding at the end thereof the following new subsection:

"(h) MINIMUM TAX FOR PRIOR YEARS NOT AFFECTED BY INDIVIDUAL'S ELECTION TO CARRYBACK CAPITAL LOSSES.—In the case of an individual, the minimum tax imposed by section 56, shall not be recomputed by reason of a capital loss carryback resulting from the application of section 1212(c)."

SEC. 207. EFFECTIVE DATES.

(a) SECTION 201.—The amendments made by section 201 apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(b) SECTION 202.—The amendments made by section 202 apply to taxable years beginning after December 31, 1974, and before January 1, 1977. For purposes of section 21 of the Internal Revenue Code of 1954, the amendments made by this section shall not be considered a change in the rate of tax.

(c) SECTION 203.—The amendments made by section 203 apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(d) SECTION 204.—The amendments made by section 204 apply to wages paid after April 30, 1975.

(e) SECTION 206.—The amendments made by section 206 apply to capital losses incurred in taxable years beginning after December 31, 1974.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

SEC. 301. INCREASE IN INVESTMENT CREDIT.

(a) INCREASE OF INVESTMENT CREDIT TO 10 PERCENT.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) GENERAL RULE.—

"(A) 10-PERCENT CREDIT.—The amount of the credit allowed by section 38 for the taxable year shall be equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) 7-PERCENT CREDIT.—Notwithstanding the provisions of subparagraph (A), in the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before January 22, 1975, or

"(ii) which is acquired by the taxpayer before January 22, 1975,

the amount of the credit allowed by section 38 for the taxable year shall be equal to 7 percent of the qualified investment (as defined in subsection (c)).

"(C) TRANSITIONAL RULE.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before January 22, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975,

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before January 22, 1975, and subparagraph (A) or (D), whichever is applicable, shall apply to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after January 21, 1975.

"(D) 12-PERCENT CREDIT.—In the case of a taxpayer who elects to have the provisions of this subparagraph apply, the amount of the credit allowed by section 38 for the taxable year is an amount equal to 12 percent of the qualified investment (as determined under subsections (c) and (d)). In the case of a taxpayer whose qualified investment (as determined under subsections (c) and (d)) for the taxable year exceeds $10,000,000 (determined without regard to carryovers and carrybacks), an election may not be made to have the provisions of this subparagraph apply for the taxable year unless such taxpayer meets the requirements of section 301(d) of the Tax Reduction Act of 1975.

"(E) APPLICATION OF 12-PERCENT CREDIT.—An election by the taxpayer to have the

provisions of subparagraph (D) apply shall be made at such time, in such form, and in such manner as the Secretary or his delegate may prescribe. If elected, the provisions of subparagraph (D) apply only to—

"(i) property to which subsection 46(d) does not apply, the construction, reconstruction, or erection of which by the taxpayer is completed after January 21, 1975, but only to the extent of the basis thereof attributable to construction, reconstruction, or erection after January 21, 1975 and before January 1, 1977.

"(ii) property to which subsection 46(d) does not apply, acquired by the taxpayer after January 21, 1975 and before January 1, 1977, and placed in service by the taxpayer before January 1, 1977, and

"(iii) property to which subsection 46(d) applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d)) with respect to qualified progress expenditures made after January 21, 1975 and before January 1, 1977."

(b) PUBLIC UTILITY PROPERTY.—

(1) DETERMINATION OF QUALIFIED INVESTMENT.—Subparagraph (A) of section 46(c)(3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) To the extent that subsection (a)(1)(B) applies to property which is public utility property, the amount of the qualified investment shall be 4/7 of the amount determined under paragraph (1)."

(2) INCREASE IN 50-PERCENT LIMITATION.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) ALTERNATIVE LIMITATION IN THE CASE OF CERTAIN UTILITIES.—

"(A) IN GENERAL.—If, for a taxable year ending after 1974 and before 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) APPLICABLE PERCENTAGE.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that portion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment.

If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) TENTATIVE PERCENTAGE.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year begins in:	*The tentative percentage is:*
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10

"(D) PUBLIC UTILITY PROPERTY DEFINED.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c)(3)(B).".

(3) LIMITATION IN CASE OF CERTAIN REGULATED COMPANIES.—Section 46(f), as redesignated by section 302(a) of this Act (relating to limitation in case of certain regulated companies, is amended by adding at the end thereof the following new paragraph:

"(8) PROHIBITION OF IMMEDIATE FLOWTHROUGH IN CERTAIN CASES.—

"(A) IN GENERAL.—Except as provided under subparagraph (D), no additional credit shall be allowed with respect to public utility property (within the meaning of subsection (a)(6)(D)) unless paragraph (1) or (2) applies with respect to such property.

"(B) ADDITIONAL CREDIT.—For purposes of this paragraph, the term 'additional credit' means the credit allowable under section 38 with respect to public utility property (within the meaning of subsection (a)(6)(D)) determined without regard to this paragraph in excess of the credit which would have been allowable if the Tax Reduction Act of 1975 had not been enacted.

"(C) RATABLE FLOWTHROUGH.—Unless the taxpayer makes an election within 90 days after the date of enactment of the Tax Reduction Act of 1975 in the manner prescribed by the Secretary or his delegate (or has previously made such an election) to have the provisions of paragraph (2) apply with respect to public utility property (within the meaning of subsection (a)(6)(D)), the requirements of paragraph (1) shall apply with respect to the additional credit.

"(D) SPECIAL ELECTION FOR IMMEDIATE FLOWTHROUGH.—Subparagraph (A) shall not apply with respect to public utility property (within the meaning of subsection (a)(6)(D)) if, at its own option and without regard to any requirement imposed by an agency described in subsection (c)(3)(B), the taxpayer elects, within 90 days after the date of enactment of this paragraph, to have the provisions of paragraph (3) apply with respect to such property.

"(E) LIMITATION.—The requirements of this paragraph shall not be applied before the first final determination which is inconsistent with such requirements, determined in the same manner as under paragraph (4)."

(4) EFFECTIVE DATES.—The amendment made by subsection (b)(1) applies to property placed in service after January 21, 1975, in taxable years ending after January 21, 1975. The amendments made by paragraphs (2) and (3) apply to taxable years ending after December 31, 1974.

(c) REPEAL OF DOLLAR LIMITATION ON USED PROPERTY.—Paragraph (2) of section 48(c) is amended by inserting after subparagraph (D) the following new subparagraph:

"(E) EXPIRATION OF LIMITATION.—This paragraph shall not apply with respect to property acquired by the taxpayer after January 21, 1975.".

(d) PLAN REQUIREMENTS FOR TAXPAYERS ELECTING 12-PERCENT CREDIT OR SUBSTITUTION OF LOSS CARRYBACK YEARS FOR LOSS CARRYFORWARD YEARS.—In order to meet the requirement of this subsection—

(1) A corporation (hereinafter referred to as the "employer") must establish an employee stock ownership plan (described in paragraph (2)) which is funded by transfers of employer securities in accordance with the provisions of paragraph (5) and which meets all other requirements of this subsection.

(2) The plan referred to in paragraph (1) must be an individual account plan established in writing which—

(A) is a stock bonus plan, a stock bonus and money purchase pension plan, or a profit-sharing plan,

(B) is designed to invest primarily in employer securities, and

(C) meets such other requirements (similar to requirements applicable to employee stock ownership plans as defined in section 4975(e)(7) of the Internal Revenue Code of 1954) as the Secretary of the Treasury or his delegate may prescribe.

(3) The plan must provide for the allocation of all employer securities transferred to it or purchased by it (because of the application of the provisions of section 46(a)(1)(E) of the Internal Revenue Code of 1954, or the requirements of section 172(b)(1)(E) of such Code) to the account of each participant at the close of each plan year in an amount which bears substantially the same proportion to the amount of all such securities allocated to all participants in the plan for that plan year as the amount of compensation paid to such participant (disregarding any compensation in excess of the first $100,000 per year) bears to the compensation paid to all such participants during that year (disregarding any compensation in excess of the first $100,000 with respect to any participant). Notwithstanding the first sentence of this paragraph, the allocation to participants' accounts may be extended for such additional period or periods as may be necessary to comply with the requirements of section 415 of the Internal Revenue Code of 1954.

(4) The plan must provide that each participant is entitled to direct the plan as to the manner in which any employer securities allocated to the account of the participant are to be voted.

(5) On making a claim for credit, adjustment, or refund under section 38 of the Internal Revenue Code of 1954, or under section 172 of such Code (if applicable), the employer states in such claim that it agrees, as a condition of receiving any such credit, adjustment, or refund, to transfer (not less rapidly than ratable over 10 years) employer securities to the plan having an aggregate value at the time of the claim of—

(A) at least one-twelfth of the amount of the credit determined under section 46(a)(1)(D) thereof for the taxable year (determined without regard to section 46(a)(2)), or

(B) in the case of an employer making an election under section 172(b)(1)(E) of such Code, at least 25 percent of the total amount of the refund or credit of any overpayment of tax claimed by the employer in its first carryback adjustment application or claim for refund pursuant to such election.

In the case of an employer to whom subparagraph (B) applies, and who, on March 13, 1975, maintained a supplementary unemployment compensation benefit plan for its employees which meets the requirements of section 501(c)(17) of such Code, the requirements of such subparagraph shall be treated as satisfied if the employer transfers no more than half of the amount required under such subparagraph to such supplementary unemployment compensation benefit plan. For purposes of meeting the requirements of this paragraph, a transfer of cash shall be treated as a transfer of employer securities if the cash is, under the plan, used to purchase employer securities.

(6) Notwithstanding any other provision of law to the contrary, if the plan does not meet the requirements of section 401 of the Internal Revenue Code of 1954—

(A) stock transferred under paragraph (5) and distributed to participants, to the extent that is is considered income under the Internal Revenue Code of 1954, shall be taxed in accordance with the provisions of section 72 thereof (treating the participant as having a basis of zero in the contract) rather than under section 83 of such Code,

(B) no amount shall be allocated to any participant in excess of the amount which might be allocated if the plan met the requirements of section 401 of such Code, and

(C) the plan must meet the requirements of sections 410 and 415 of such Code.

(7) If the amount of credit determined under section 46(a)(1)(D) of the Internal Revenue Code of 1954, or the amount of the adjustment or refund resulting from the carryback of the net operating loss under the election made under section 172(b)(1)(E) of such Code, is recaptured in accordance

with the provisions of such Code, the amounts transferred to the plan under this subsection and allocated under the plan shall remain in the plan or in participant accounts, as the case may be, and continue to be allocated in accordance with the original plan agreement.

(8) For purposes of this subsection, the term—

(A) "employer securities" means common stock issued by the employer or its affiliate with voting power and dividend rights no less favorable than the voting power and dividend rights of other common stock issued by the employer or its affiliate, or securities issued by the employer or its affiliate convertible into such stock, and

(B) "value" means the average of closing prices of the employer's securities, as reported by a national exchange on which securities are listed, for the 20 consecutive trading days immediately preceding the date of transfer or allocation of such securities.

(9) The Secretary of the Treasury or his delegate shall prescribe such regulations and require such reports as may be necessary to carry out the provisions of this subsection.

(10) If, at any time within 120 months following the date on which the plan is established under this subsection the employer fails to meet any requirements imposed under this subsection or under any obligation undertaken to comply with the requirement of this subsection, he is liable to the United States for a civil penalty of an amount equal to the amount involved in such failure. The preceding sentence shall not apply if the taxpayer corrects such failure (as determined by the Secretary of the Treasury or his delegate) within 90 days after it occurs. The amount involved shall not exceed the amount of the credit or refund or adjustment, and shall not be less than one-half of 1 percent of the amount such person is required to transfer to the plan described in this section during such 10-year period. The amount of such penalty may be collected by the Secretary of the Treasury and the same earned which a deficiency in the payment of Federal income tax may be collected.

(15) Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary no deduction shall be allowed under sections 162, 212, or 404 of such code for amounts transferred to an employee stock ownership plan or a supplementary unemployment compensation benefit plan and taken into acount under this subsection.

SEC. 302. ALLOWANCE OF INVESTMENT CREDIT WHERE CONSTRUCTION OF PROPERTY WILL TAKE MORE THAN 2 YEARS.

(a) GENERAL RULE.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) QUALIFIED PROGRESS EXPENDITURES.—

"(1) IN GENERAL.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) PROGRESS EXPENDITURE PROPERTY DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clauses (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) NORMAL CONSTRUCTION PERIOD.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) QUALIFIED PROGRESS EXPENDITURES DEFINED.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) SPECIAL RULES FOR APPLYING PARAGRAPH (3).—For purposes of paragraph (3)—

"(A) COMPONENT PARTS, ETC. — Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) CERTAIN BORROWINGS DISREGARDED. — Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) CERTAIN UNUSED EXPENDITURES CARRIED OVER. — In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) DETERMINATION OF PERCENTAGE OF COMPLETION.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) NO QUALIFIED PROGRESS EXPENDITURES FOR CERTAIN PRIOR PERIODS.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later, before the first day of the first taxable year to which an election under this subsection applies).

"(F) NO QUALIFIED PROGRESS EXPENDITURES FOR PROPERTY FOR YEAR IT IS PLACED IN SERVICE, ETC.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property.

or for any taxable year thereafter.

"(5) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) CONSTRUCTION, ETC.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) ONLY CONSTRUCTION OF SECTION 38 PROPERTY TO BE TAKEN INTO ACCOUNT.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) ELECTION.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) TRANSITIONAL RULES.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	The applicable percentage is:
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100;

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount of each such preceding taxable year.

For purposes of this paragraph, the term 'full amount', when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENT OF SECTION 46(c).—Section 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SUBSECTION (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leasebook described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d), to the extent the amount so treated has not been required to be recaptured by reason of section 47(a)(3)."

(2) DISPOSITION, ETC.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) PROPERTY CEASES TO BE PROGRESS EXPENDITURE PROPERTY.—

"(A) IN GENERAL.—If during any taxable year any property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) CERTAIN EXCESS CREDIT RECAPTURED.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46(c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) CERTAIN SALES AND LEASEBACKS.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48(d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property does not exceed the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) COORDINATION WITH PARAGRAPH (1).—If after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) CLERICAL AMENDMENTS.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(3)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48(d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

SEC. 303. CHANGE IN CORPORATE TAX RATES AND INCREASE IN SURTAX EXEMPTION.

(a) TAX RATES.—Section 11 (relating to tax imposed on corporations) is amended—

(1)(A) by striking out "and" at the end of subsection (b)(1),

(B) by striking out the period at the end of subsection (b)(2) and inserting in lieu thereof a comma and "to which paragraph (3) does not apply, and", and

(C) by adding at the end of subsection (b) the following new paragraph:

"(3) 18 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.",

(2)(A) by striking out "and" at the end of subsection (c)(2),

(B) by striking out the period at the end of subsection (c)(3) and inserting in lieu thereof a comma and "to which paragraph (4) does not apply, and", and

(C) by adding at the end of subsection (c) the following new paragraph:

"(4) 30 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.".

(B) SURTAX EXEMPTION.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

SEC. 304. ELECTION TO SUBSTITUTE NET OPERATING LOSS CARRYBACK YEARS FOR CARRY-FORWARD YEARS.

(a) IN GENERAL.—Subparagraph (E) of section 172(b)(1) (relating to years to which net operating loss may be carried) is amended to read as follows:

"(E)(i) In lieu of any net operating loss carryover to which a taxpayer would otherwise been entitled under this section, a taxpayer may elect to carry back any net operating loss for a number of taxable years equal to the number of taxable years to which such loss could have been carried forward, and the carryback so elected shall be added to the number of taxable years for which the taxpayer is otherwise entitled under this section to carry back such net operating loss. Except as provided in section 381(c)(25), and except as provided in paragraph (3)(E), an election under this subparagraph shall apply not only with respect to such net operating loss but also to the taxable year of such loss.

"(ii) Unless he is described in clause (iii), a taxpayer may not elect to have the provisions of clause (i) apply unless he establishes an employee stock ownership plan (as described in 301(d) of the Tax Reduction Act of 1975). This clause does not apply to any credit or refund attributable to a net operating loss or losses incurred in taxable years ending after the date of the first such election made by the taxpayer.

"(iii) The provisions of clause (ii) do not apply to any taxpayer the sum of whose credits or refunds resulting from electing to have the provisions of section 172(b)(1)(E) apply to net operating losses incurred in taxable years ending on or before the date of such first election does not exceed $10,000,000."

(b) SPECIAL RULES.—Section 172(b)(3) (relating to special rules) is amended by striking out subparagraphs (E) and (F), and by inserting in lieu thereof the following:

"(E)(i) An election made under paragraph (1)(E) may be revoked by the taxpayer at any time within 60 months after the close of the taxable year in which the election was made. If a taxpayer revokes such an election, the election may be revoked more than 60 months after the close of the taxable year during which the election was made only with the consent of the Secretary or his delegate. The taxpayer's liability for tax for all taxable years beginning with the earliest taxable year affected by the carryback of the net operating loss under election shall be redetermined as if the election had never been made. The amount of the taxpayer's liability for tax for the taxable year in which the election is revoked is increased (as of the end of such taxable year) by an amount equal to the amount by which such redetermined liability exceeds the tax paid for such taxable years. An election revoked on or before the time for filing a return for a taxable year (including any extensions thereof) is considered as made during that year. In redetermining the liability of a taxpayer for tax for preceding taxable years under this clause, the amount of such liability shall be reduced by an amount equal to the amount transferred (or treated as transferred) by the taxpayer to an employee stock ownership plan described in section 301(d) of the Tax Reduction Act of 1975 or to a supplemental unemployment compensation benefit plan described in such section in meeting the requirements of subsection (b)(1)(E) of this section. If the taxpayer was not required to transfer any amounts to such a plan under subsection (b)(1)(E) because of the provisions of clause (iii) thereof, the preceding sentence does not apply.

"(ii) An election under paragraph (1)(E), and a revocation of such election under this subparagraph, shall be made in such manner and at such times as the Secretary or his delegate may by regulations prescribe. No election may be made under paragraph (1)(E) by any taxpayer described in subparagraph (F) or (G) of paragraph (1). No election may be made under paragraph (1)(E) with respect to any foreign expropriation loss to which paragraph (1)(D) applies.

"(iii) If an election made by the taxpayer under subsection (b)(1)(E) with respect to a net operating loss incurred in any taxable year is revoked by the taxpayer, he may not make another election under that subsection with respect to that year. If a taxpayer has revoked an election made under subsection (b)(1)(E) with respect to a net operating loss incurred in any taxable year, and such taxpayer makes an election under such subsection with respect to a net operating loss incurred in a later taxable year, no part of the net operating loss for the taxable year with respect to which the election was revoked may be carried over to any taxable year beginning after the taxable year in which the second or other subsequent election under subsection (b)(1)(E) is made.".

(c) CARRYOVERS IN CERTAIN CORPORATE ACQUISITIONS.—Section 381(c) (relating to items in the case of certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

"(25) TREATMENT OF NET OPERATING LOSSES WHERE TO SUBSTITUTE CARRYBACKS FOR CARRYOVERS HAS BEEN MADE.—The acquiring corporation shall be bound by an election made by the distributor or transferor corporation under section 172(b)(1)(E) unless different rules with respect to the years to which a net

operating loss may be carried apply among the group consisting of the distributor or transferor corporations and the acquiring corporation, in which case the acquiring corporation shall use the carryback and carryforward period prescribed by regulations of the Secretary or his delegate, and the rules of section 172(b)(3)(E)(i) shall apply to the extent required by such regulations."

(d) CONFORMING AMENDMENTS.—

(1) Clause (ii) of section 172(b)(1)(A) is amended by striking out "In the case" and inserting in lieu thereof "Except as provided in subparagraph (E), in the case".

(2) Paragraph (3) of section 172(b) is amended by inserting "(and so much of paragraph (1)(E) as relates to paragraph (1)(A)(ii))" after "(1)(A)(ii)" each place it appears.

(e) TECHNICAL AMENDMENTS.—

(1) Section 6654(f) is amended to read as follows:

"(f) TAX COMPUTED AFTER APPLICATION OF CREDITS AGAINST TAX.—For purposes of subsections (b) and

(d), the term 'tax' means—

"(1) the sum of—

"(A) the tax imposed by this chapter 1 (other than by section 56), plus

"(B) the tax imposed by chapter 2, minus

"(2) the sum of—

"(A) the credits against tax allowed by part IV of subchapter A of chapter 1, other than the credit against tax provided by section 31 (relating to tax withheld on wages), plus

"(B) any increase in liability for tax determined under section 172(b)(3)(E) (relating to revocation of special carryback election)."

(2) Section 6655(1)(B) is amended—

(A) by striking out "and" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserted in lieu thereof a comma and "and", and

(C) by adding at the end thereof the following new clause:

"(iv) any increase in liability tax determinated under section 172(b)(3)(E) (relating to revocation of special carryback election)."

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to net operating losses for taxable years ending after January 1, 1970.

(2) TRANSITIONAL RULES.—If an election is made under section 172(b)(1)(E) of the Internal Revenue Code of 1954 with respect to any net operating loss for a taxable year ending before the date of the enactment of this Act—

(A) in the case of a deficiency for any taxable year attributable to the application of such net operating loss, section 6501(h) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment.

(B) in the case of an overpayment for any taxable year attributable to the application of such net operating loss, sections 6511(d)(2) and 6611(f)(1) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment, and

(C) the period for submitting an application for a tentative carryback adjustment under section 6411(a) of such Code with respect to such net operating loss shall not expire before the day which is 90 days after such date of enactment.

SEC. 305. INCREASE IN MINIMUM ACCUMULATED EARNINGS CREDIT FROM $100,000 TO $150,000

(a) INCREASE.—Paragraphs (2) and (3) of section 535(c) (relating to accumulated earnings credit) are each amended by striking out "$100,000" and inserting in lieu thereof "$150,000".

(b) CONFORMING AMENDMENTS.—Sections 243(b)(3)(C)(i) (relating to qualifying dividends for purposes of the dividends received deduction), 1551(a) (relating to disallowance of surtax exemption and accumulated earnings.

SEC. 306. EFFECTIVE DATES.

(a) SECTION 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(b) SECTION 303.—

(1) IN GENERAL.—The amendments made by section 303 apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply for taxable years ending after December 31, 1975.

(2) CHANGES TREATED AS CHANGES IN TAX RATE.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) INCREASE IN SURTAX EXEMPTION.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303(b) of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) shall be treated as a change in a rate of tax."

(c) SECTION 304.—The amendments made by section 304 apply to taxable years beginning after December 31, 1974.

(d) SECTION 305.—The amendments made by section 305 apply to taxable years beginning after December 31, 1974.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND CORPORATIONS

SEC. 401. FEDERAL WELFARE RECIPIENT EMPLOYMENT INCENTIVE TAX CREDIT.

(a) IN GENERAL.—

(1) Section 50A(c)(2)(A) (relating to amount of credit) is amended—

(A) by striking out "or" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserting in lieu thereof a comma and "or", and

(C) by inserting at the end thereof the following new clause:

"(iv) a termination of employment of an individual with respect to whom federal welfare recipient employment incentive expenses (as described in section 50B(a)(2)) are taken into account under subsection (a).".

(2) Section 50B(a) (relating to definitions; special rules) is amended to read as follows:

"(a) WORK INCENTIVE PROGRAM EXPENSES.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'work incentive program expenses' means the sum of—

"(A) the amount of wages paid or incurred by the taxpayer for services rendered during the first 12 months of employment (whether or not consecutive) of employees who are certified by the Secretary of Labor as—

"(i) having been placed in employment under a work incentive program established under section 432(b)(1) of the Social Security Act, and

"(ii) not having displaced any individual from employment, plus

"(B) the amount of federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year.

"(2) DEFINITION.—For purposes of this section, the term 'federal welfare recipient employment incentive expenses' means the amount of wages paid or incurred by the taxpayer for services rendered to the taxpayer before July 1, 1976, by an eligible employee.

"(3) EXCLUSION.—No item taken into account under paragraph (1)(A) shall be taken into account under paragraph (1)(B). No item taken into account under paragraph (1)(B) shall be taken into account under paragraph 1(A).".

(3) Section 50B(c) is amended—

(A) by striking out "subsection (a)" in paragraph (1) and inserting in lieu thereof "subsection (a)(1)(A)", and

(B) by striking out "subsection (a)" in paragraph (4) and inserting in lieu thereof "subsection (a)(1)(A)".

(4) Section 50B is amended by redesignating subsection (g) as (h) and by inserting immediately after subsection (f) the following new subsection:

"(g) ELIGIBLE EMPLOYEE.—

"(1) ELIGIBLE EMPLOYEE.—For purposes of subsection (a)(1)(B), the term 'eligible employee' means an individual—

"(A) who has been certified by the appropriate agency of State or local government as being eligible for financial assistance under part A of title IV of the Social Security Act and as having continuously received such financial assistance during the 90 day period which immediately precedes the date on which such individual is hired by the taxpayer,

"(B) who has been employed by the taxpayer for a period in excess of 30 consecutive days on a substantially full-time basis,

"(C) who has not displaced any other individual from employment by the taxpayer, and

"(D) who is not a migrant worker.

The term 'eligible employee' includes an employee of the taxpayer whose services are not performed in connection with a trade or business of the taxpayer.

"(2) MIGRANT WORKER.—For purposes of paragraph (1), the term 'migrant worker' means an individual who is employed for services for which the customary period of employment by one employer is less than 30 days if the nature of such services requires that such individual travel from place to place over a short period of time."

(b) EFFECTIVE DATE.—The amendments made by this section with respect to federal welfare recipient employment incentive expenses apply to such expenses paid or incurred by a taxpayer to an eligible employee whom such taxpayer hires after the date of enactment of this Act.

SEC. 402. REPEAL OF EXCISE TAX ON MOTOR VEHICLES.

(a) IN GENERAL.—Part I of subchapter A of chapter 32 (relating to manufacturer's excise tax on motor vehicles) is repealed.

(b) FLOOR STOCKS REFUNDS.—

(1) IN GENERAL.—Where, before the day after the date of enactment of this Act, any tax repealed article (as defined in subsection (e)) has been sold by the manufacturer, producer, or importer and on such day is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article, if—

(A) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of enactment of this Act based upon a request submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of enactment of this Act by the dealer who held the article in respect of which the credit or refund is claimed; and

(B) on or before the first day of such tenth calendar month reimbursement has been made to the dealer by the manufacturer, producer, or importer in an amount equal to the tax paid on the article or written consent has been obtained from the dealer to allowance of the credit or refund.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or im-

porter shall be entitled to a credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, which were applicable with respect to the taxes imposed by part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect to the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayment of the tax.

(c) REFUNDS WITH RESPECT TO CERTAIN CONSUMER PURCHASES.—

(1) IN GENERAL.—Except as otherwise provided in paragraph (2), where, with respect to an article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code (as in effect on the day before the enactment of this Act), a tax repealed article (as defined in subsection (e)) has been sold to an ultimate purchaser after March 13, 1975, and on or before such date of enactment, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer of such article an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) with respect to an article unless—

(A) he has in his possession such evidence of the sale of the article to an ultimate purchaser, and of the reimbursement of the tax to such purchaser, as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection;

(B) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of the enactment of this Act based upon information submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of the enactment of this Act by the person who sold the article (in respect of which the credit or refund is claimed) to the ultimate purchaser; and

(C) on or before the first day of such tenth calendar month reimbursement has been made to the ultimate purchaser in an amount equal to the tax paid on the article.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, were applicable with respect to taxes imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraph (1) or (2) of this subsection, apply in respect of credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constitute overpayments of the tax.

(d) CERTAIN USES BY MANUFACTURER, ETC.—Any tax by reason of section 4218(a) of the Internal Revenue Code 1954 (relating to use by manufacturer or importer considered sale) is deemed an overpayment of such tax with respect to any article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code as in effect on the day before the date of the enactment of this Act if the tax was imposed on such article by reason of such section 4218(a) after March 13, 1975.

(e) DEFINITIONS. For purposes of this section—

(1) The term "dealer" includes a wholesaler, jobber, distributor, or retailer.

(2) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made) and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(3) The term "tax-repealed article" means an article on which a tax was imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954 as in effect on the day before the date of the enactment of this Act and is not imposed under such subchapter as in effect on the day after the date of enactment of this Act.

(f) EFFECTIVE DATE.—

(1) The amendment made by subsection (a) applies with respect to articles sold after the date of enactment of this Act.

(2) For purposes of paragraph (1), an article shall not be considered sold before the day after the date of enactment of this Act unless possession or the right to possession passes to the purchaser before such day.

(3) In the case of—

(A) a lease,

(B) a contract for the sale of an article where it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,

(C) a conditional sale, or

(D) a chattel mortgage arrangement wherein it is provided that the sale price shall be paid in installments,

entered into before March 14, 1975, payments after such date with respect to the article leased or sold shall, for purposes of this subsection, be considered as payments made with respect to an article sold after such date, if the lessor or vendor establishes that the amount of payments payable after such date with respect to such article has been reduced by an amount equal to that portion of the tax applicable with respect to the lease or sale of such article which is due and payable after such date. If the lessor or vendor does not establish that the payments have been so reduced, they shall be treated as payments made in respect of an article sold before such date.

Mr. GRAVEL. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 38, line 21, strike all the language following the word after and 30 days after the enactment of this legislation.

Mr. GRAVEL. Mr. President, I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is not a sufficient second.

Mr. GRAVEL. 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. LONG. 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. CRANSTON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair will state that until the amendment of the Senator from Alaska is modified, an amendment to it would not be in order.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. I believe that the amendment of the Senator from Alaska is not in order.

The PRESIDING OFFICER. The Senator is correct. Unless the amendment of the Senator from Alaska is modified, it is not in order.

Mr. CRANSTON. Mr. President, I then ask for the immediate consideration of the amendment that I send to the desk. I ask that my amendment go at the end of the bill.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an amendment, at the end of the bill, to insert the following new language.

Mr. CRANSTON. Mr. President, since it is a very long amendment, and there are copies available for all who wish to read it, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. CRANSTON'S amendment is as follows:

At the end of the bill insert the following:

TITLE V.—TAX TREATMENT OF OIL AND GAS, AND CERTAIN DISC INCOME

PART I—TAX TREATMENT OF FOREIGN OIL AND GAS PRODUCTION AND CERTAIN DISC INCOME

SEC. 501. LIMITATION ON FOREIGN TAXES ATTRIBUTABLE TO FOREIGN OIL AND GAS EXTRACTION INCOME; SEPARATE COMPUTATION OF FOREIGN TAX CREDIT FOR OIL AND GAS RELATED INCOME.

(a) IN GENERAL.—Subpart A of part III of subchapter N of chapter 1 (relating to foreign tax credit) is amended by adding at the end thereof the following new section:

"SEC. 907. SPECIAL RULES IN CASE OF FOREIGN OIL AND GAS INCOME.

"(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN TAX UNDER SECTION 901.—In applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this subsection) be taken into account for purposes of section 901 shall be reduced by the amount (if any) by which the amount of such taxes exceeds the product of—

"(1) the amount of the foreign oil and gas extraction income for the taxable year, multiplied by

"(2) the percentage which is 100 percent of the sum of the normal tax rate and the surtax rate for the taxable year specified in section 11.

"(b) APPLICATION OF SECTION 904 LIMITATION.—The provisions of section 904 shall be applied separately with respect to—

"(1) foreign oil related income, and

"(2) other taxable income. With respect to foreign oil related income, the overall limita-

tion provided by section 904(a)(2) shall apply and the per-country limitation provided by section 904(a)(1) shall not apply.

"(c) FOREIGN INCOME DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) FOREIGN OIL AND GAS EXTRACTION INCOME.—The term 'foreign oil and gas extraction income' means the taxable income derived from sources without the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells, or

"(B) the sale of exchange of assets used in the trade or business described in subparagraph (A).

"(2) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(B) the processing of such minerals into their primary products,

"(C) the transportation of such minerals or primary products,

"(D) the distribution or sale of such minerals or primary products, or

"(E) the sale or exchange of assets used in the trade or business described in subparagraph (A), (B), (C), or (D).

"(3) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil and gas extraction income' and the term 'foreign oil related income' include—

"(A) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(B) amounts with respect to which taxes are deemed paid under section 960(a), and

"(C) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil and gas extraction income, or to foreign oil related income, as the case may be.

"(4) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items—

"(A) shall not be taken into account in computing foreign oil and gas extraction income for such year, but

"(B) shall be taken into account in computing foreign oil related income for such year.

"(d) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement).

"(e) TRANSITIONAL RULES.—

"(1) IN GENERAL.—In applying subsections (d) and (e) of section 904 for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974—

"(A) subsection (a) of this section shall be deemed to have been in effect for such prior taxable year and for all taxable years thereafter, and

"(B) the carryover from such prior year shall be divided (effective as of the first day of the first taxable year ending after December 31, 1974) into—

"(i) a foreign oil related carryover, and

"(ii) another carryover,

on the basis of the proportionate share of the foreign oil related income, or the other taxable income, as the case may be, of the total taxable income taken into account in computing the amount of such carryover.

"(2) TAXPAYERS ON PER-COUNTRY LIMITATION.—In applying paragraph (1) for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974, if the per-country limitation provided by section 904(a)(1) applied to such prior taxable year and to the taxpayer's last taxable year ending before January 1, 1975, then in the case of any foreign oil related carryover—

"(A) the first sentence of section 904(e)(2) shall not apply, but

"(B) such amount may not exceed the amount which could have been used in such succeeding taxable year if this section applied without regard to the second sentence of subsection (b).

"(f) RECAPTURE OF FOREIGN OIL RELATED LOSS.—

"(1) GENERAL RULE.—For purposes of this subpart, in the case of any taxpayer who sustains a foreign oil related loss for any taxable year—

"(A) that portion of the foreign oil related income for each succeeding taxable year which is equal to the lesser of—

"(i) the amount of such loss (to the extent not used under this paragraph in prior years), or

"(ii) 50 percent of the foreign oil related income for such succeeding taxable year,

shall be treated as income from sources within the United States (and not as income from sources without the United States), and

"(B) the amount of the income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) to a foreign country for such succeeding taxable year with respect to foreign oil related income shall be reduced by an amount which bears the same proportion to the total amount of such foreign taxes as the amount treated as income from sources within the United States under subparagraph (A) bears to the total foreign oil related income for such succeeding taxable year.

For purposes of this chapter, the amount of any foreign taxes for which credit is denied under subparagraph (B) of the preceding sentence shall not be allowed as a deduction for any taxable year. For purposes of this subsection, foreign oil related income shall be determined without regard to this subsection.

"(2) Foreign oil related loss defined.—For purposes of this subsection, the term 'foreign oil related loss' means the amount by which the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the foreign oil related income for such year is exceeded by the sum of the deductions properly apportioned or allocated thereto, except that there shall not be taken into account—

"(A) any net operating loss deduction allowable for such year under section 172(a) or any capital loss carrybacks and carryovers to such year under section 1212, and

"(B) any—

"(i) foreign expropriation loss for such year, as defined in section 172(k)(1), or

"(ii) loss for such year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise.

"(3) DISPOSITIONS.—

"(A) IN GENERAL.—For purposes of this chapter, if property used in a trade or business described in subparagraph (A), (B), (C), or (D) of subsection (c)(2) is disposed of during any taxable year—

"(i) the taxpayer notwithstanding any other provision of this chapter (other than paragraph (1)) shall be deemed to have received and recognized foreign oil related income in the taxable year of the disposition, by reason of such disposition, in an amount equal to the lesser of the excess of the fair market value of such property over the taxpayer's adjusted basis in such property or the remaining amount of the foreign oil related losses which were not used under paragraph (1) for such taxable year or any prior taxable year, and

"(ii) paragraph (1) shall be applied with respect to such income by substituting '100 percent' for '50 percent'.

"(B) DISPOSITION DEFINED.—For purposes of this subsection, the term 'disposition' includes a sale, exchange, distribution, or gift of property, whether or not gain or loss is recognized on the transfer.

"(C) Exceptions.—Notwithstanding subparagraph (B), the term 'disposition' does not include—

"(i) a disposition of property which is not a material factor in the realization of income by the taxpayer, or

"(ii) a disposition of property to a domestic corporation in a distribution or transfer described in section 381(a).

"(g) WESTERN HEMISPHERE TRADE CORPORATIONS WHICH ARE MEMBERS OF AN AFFILIATED GROUP.—If a Western Hemisphere trade corporation is a member of an affiliated group for the taxable year, then in applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this section and section 1503(b)) be taken into account for purposes of section 901 shall be reduced by the greater of—

"(1) the reduction with respect to such taxes provided by subsection (a) of this section, or

"(2) the reduction determined under section 1503(b) by applying section 1503(b) separately with respect to such taxes,

but not by both such reductions."

(b) TECHNICAL AMENDMENTS.—

(1) Section 963(d) (relating to effective foreign tax rate for purposes of subpart F) is amended by adding at the end thereof the following new sentence:

"For purposes of this subsection, the income, war profits, or excess profits taxes paid or accrued to any foreign country by any controlled foreign corporation or corporations shall be reduced as provided in subsections (a) and (f) of section 907."

(2) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 907. Special Rules in Case of Foreign Oil and Gas Income."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1974; except that the provisions of section 907(f) shall apply to losses sustained in taxable years ending after December 31, 1974.

SEC. 502. DENIAL OF DISC BENEFITS WITH RESPECT TO ENERGY RESOURCES AND OTHER PRODUCTS.

(a) AMENDMENT OF SECTION 993(c)(2).—Section 993(c)(2) (relating to property excluded from export property) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in

lieu thereof ", or", and by adding at the end thereof the following:

"(C) products of a character with respect to which a deduction for depletion is allowable (including oil, gas, coal, or uranium products) under section 611,

"(D) agricultural and horticultural commodities and products (including but not limited to livestock, poultry, fish, and furbearing animals), or

"(E) products the export of which is prohibited or curtailed under section 4(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2403(b)) to effectuate the policy set forth in paragraph (2)(A) of section 3 of such Act (relating to the protection of the domestic economy).

Subparagraphs (C) and (D) shall not apply to any commodity or product at least 50 percent of the fair market value of which is attributable to manufacturing or processing, except that subparagraph (C) shall apply to any primary product from oil, gas, coal, or uranium. For purposes of the preceding sentence, the term 'processing' does not include extracting or harvesting, handling, packing, packaging, grading, storing, or transporting."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

SEC. 503. TREATMENT FOR PURPOSES OF THE INVESTMENT CREDIT OF CERTAIN PROPERTY USED IN INTERNATIONAL OR TERRITORIAL WATERS.

(a) AMENDMENT TO 1954 CODE.—

(1) IN GENERAL.—Clause (x) of section 48(a)(2)(B) (relating to property used outside the United States) is amended by striking out "territorial waters" and inserting in lieu thereof "territorial waters within the northern portion of the Western Hemisphere".

(2) DEFINITION.—Subparagraph (B) of section 48(a)(2) is amended by adding at the end thereof the following new sentence: "For purposes of clause (x), the term 'northern portion of the Western Hemisphere' means the area lying west of the 30th meridian west of Greenwich, east of the international dateline, and north of the Equator, but not including any foreign country which is a country of South America."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsection (a) shall apply to property, the construction, reconstruction, or erection of which was completed after March 18, 1975, or the acquisition of which by the taxpayer occurred after such date.

(2) BINDING CONTRACT.—The amendments made by subsection (a) shall not apply to property constructed, reconstructed, erected, or acquired pursuant to a contract which was, on April 1, 1974, and at all times thereafter, binding on the taxpayer.

(3) CERTAIN LEASE-BACK TRANSACTIONS, ETC.—Where a person who is a party to a binding contract described in paragraph (2) transfers rights in such contract (or in the property to which such contract relates) to another person but a party to such contract retains a right to use the property under a lease with such other person, then to the extent of the transferred rights such other person shall, for purposes of paragraph (2), succeed to the position of the transferor with respect to such binding contract and such property. The preceding sentence shall apply, in any case in which the lessor does not make an election under section 48(d) of the Internal Revenue Code of 1954, only if a party to such contract retains a right to use the property under a long-term lease.

PART II—PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS

SEC. 511. LIMITATIONS OF PERCENTAGE DEPLETION FOR OIL AND GAS.

(a) IN GENERAL.—Part I of subchapter I of chapter I (relating to natural resources) is amended by inserting after section 613 the following new section:

"SEC. 613A. LIMITATIONS ON PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without regard to section 613.

"(b) EXEMPTION FOR CERTAIN DOMESTIC GAS WELLS.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposit in the United States or in a possession of the United States which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) Natural gas sold under a fixed contract.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this chapter by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) Regulated natural gas.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) SMALL PRODUCER EXEMPTION.—

"(1) IN GENERAL.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the taxpayer's average daily production of domestic crude oil as does not exceed 3,000 barrels, plus, in case such production is less than 3,000 barrels

"(B) so much of the taxpayer's average daily production of domestic natural gas as does not exceed 18 million cubic feet reduced by that fraction of 18 million which the average daily production of domestic crude oil is 3,000 barrels.

If the taxpayer elects to have subparagraph (A) apply to any amount below 3,000 barrels, then subparagraph (A) shall apply only to the amount of barrels specified by him, and such amount shall constitute the numerator of the fraction in applying subparagraph (B).

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1)—

"(A) the taxpayer's average daily production of domestic crude oil or natural gas shall be determined by dividing his aggregate production of domestic crude oil or natural gas, as the case may be, during the taxable year by the number of days in such taxable year, and

"(B) in the case of a taxpayer holding a partial interest in the production from any property (including an interest held in a partnership) such taxpayer's production shall be considered to be that amount of such production determined by multiplying the total production of such property by the taxpayer's percentage participation in the revenues from such property.

In applying this subsection, there shall not be taken into account the production of natural gas with respect to which subsection (b) applies.

"(3) EXEMPTIONS TO BE DETERMINED ON A PROPORTIONATE BASIS.—

"(A) Domestic crude oil.—If the producer's average daily production of domestic crude oil exceeds 3,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as 3,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) Domestic natural gas.—If the producer's average daily production of domestic natural gas exceeds 18,000,000 cubic feet, the production to which paragraph (1) applies shall be determined by taking from the production of each property a number of cubic feet of natural gas which bears the same proportion to the total production of the taxpayer for such year from such property as 18,000,000 cubic feet bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) REDUCTION OF EXEMPTIONS.—If the exemptions of 3,000 barrels and 18,000,000 cubic feet are reduced upon the application of paragraph (5), the amount of the reduced exemption in barrels shall be substituted for the figure of 3,000 barrels in applying paragraphs (1) and (3), and the amount of the reduced exemption in cubic feet shall be substituted for the figure of 18,000,000 cubic feet in applying such paragraphs.

"(5) BUSINESSES UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) Component members of controlled group treated as one taxpayer.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) Aggregation of business entities under common control.—If 50 percent or more of the beneficial interest in two or more corporations, trusts, or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the exemptions provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such entities.

"(C) Allocation among members of the same family.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such individuals.

"(D) Definition and special rules.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563(b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this pur-

pose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(6) TRANSFER OF OIL OR GAS PROPERTY.—

"(A) In the case of a transfer after December 31, 1974, of any proven oil or gas property, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such property, and such production shall not be taken into account for any computation under this subsection. A property shall be treated as a proven oil or gas property if at the time of the transfer the principal value of the property has been demonstrated by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of—

"(i) a transfer of property at death, or

"(ii) the transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated under paragraph (5) between the transferor and transferee.

"(d) LIMITATIONS ON APPLICATION OF SUBSECTION (c).—

"(1) LIMITATION BASED ON TAXABLE INCOME.—The deduction for the taxable year attributable to the application of subsection (c) shall not exceed 50 percent of the taxpayer's taxable income computed without regard to—

"(A) subsection (c),

"(B) any net operating loss carryback to the taxable year under section 172, and

"(C) any capital loss carryback to the taxable year under section 1212(a)(1).

If an amount is disqualified as a deduction for the taxable year by reason of the application of the preceding sentence, the disallowed amount shall be treated as an amount allowable as a deduction upon the application of subsection (c) for the following taxable year, subject to the application of the preceding sentence to such taxable year.

"(2) RETAILERS EXCLUDED.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(3) RELATED PERSON.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

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

"(1) CRUDE OIL.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(4) CERTAIN REFINERS EXCLUDED.—If the taxpayer or a related person engages in the refining of crude oil, subsection (c) shall not apply to such taxpayer if on any day during the taxable year more than 50,000 barrels of oil were refined by the taxpayer or such person.

"(3) DOMESTIC.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) BARREL.—The term 'barrel' means 42 United States gallons."

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 613(b)(1) (relating to 22-percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas wells, to the extent allowable under section 613A;".

(2) The last sentence of paragraph (7) of section 613(b) (relating to 14-percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1975.

Mr. LONG. Mr. President, the Senator from California is offering an amendment that deals with depletion and various taxes on the oil industry. I am not going to discuss that amendment at this time, Mr. President. I assume that we will have many amendments to vote on in this area. I would suggest to my friends that the committee amendment, in due course, will be voted on by the Senate.

Mr. GRAVEL. Mr. President, will the Senator from Louisiana yield me half a minute for a unanimous-consent request?

Mr. LONG. I yield.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the following members of my staff be allowed the privilege of the floor during consideration of and voting on H.R. 2166: Bob Mitchell, Lynne Finney, and Nancy Leonard.

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

Mr. LONG. Mr. President, I ask unanimous consent that Jeff Peterson of Senator RIBICOFF's staff and the following members of my personal staff be accorded the privilege of the floor during the consideration of this measure: Jim Guirard, Wayne Thevenot, Doug Svendson, Marsha Schramm, Joan Shaffer, and John Steen.

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

Mr. CRANSTON. Mr. President, I ask unanimous consent that the following staff members be accorded the privilege of the floor during the consideration of this measure: Roy Greenaway, Jonathan Fleming, Jonathan Steinberg, Murray Flander, and Ann Wray.

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

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the following members of my staff be granted the privilege of the floor during the consideration of H.R. 2166: Carey Parker, Nick Miller, and Mary Jo Manning.

On behalf of Senator MONDALE, I make the same request as to Jim Verdier.

On behalf of Senator NELSON, I make the same request as to Ray Calamaro.

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

Mr. CURTIS. Mr. President, reserving the right to object, we cannot hear these requests. Do they relate to the tax bill?

The PRESIDING OFFICER. The requests were that the privilege of the floor be granted to staff members.

Mr. CURTIS. Very well.

Mr. LONG. Mr. President, our economy faces its most serious economic crisis since the Great Depression. The unemployment rate is 8.2 percent—the highest level since 1941. Many other potential workers have withdrawn from the labor market because they do not think they can find a job—500,000 in February alone—and still others have been forced to work short hours when they are willing and able to work fulltime.

The gap between what the economy is capable of producing and what it is actually producing is now $200 billion—$1,000 per capita. This waste of potential output exceeds the gross national product of Great Britain. It is creating severe hardship among the American people, and urgent action is required.

The Tax Reduction Act of 1975 is an attempt to deal with the current recession—to stop the slide of the economy and to spur recovery. The bill reported by the Finance Committee provides a $29 billion tax cut—the largest in history. This is $9 billion more than was provided in the bill passed by the House. The committee felt that the additional reduction was justified by the extraordinary slump in the economy.

Before adopting this bill, the committee held hearings at which it had the benefit of the views of administration officials, businessmen, labor leaders, and economists. Virtually all recommended quick action to cut taxes.

The bill provides a $21 billion tax cut for individuals and $8 billion for business. Some of the tax cut for business, however, will have to be passed on to workers in the form of employee stock ownership plans. A balanced tax reduction of this type will stimulate both consumer and investment spending.

The $21 billion tax cut for individuals is divided into a refund on 1974 tax liability, some permanent tax reductions, and some tax cuts that will apply only to 1975 and 1976.

The 1974 refund totals $8.1 billion and is identical to the refund proposed in the House version of the bill. The refund will be 10 percent of 1974 tax up to a maximum of $200. Taxpayers will receive a minimum refund of $100—or their actual 1974 tax liability if it is less than $100. The refund, moreover, will be phased down from $200 to $100 as a taxpayer's adjusted gross income rises from $20,000 to $30,000.

This refund is much more concentrated in the low- and middle-income classes than that originally proposed by the administration. Eighty-five percent

of the refund will go to taxpayers whose incomes are less than $20,000, compared to only 57 percent under the administration proposal. The committee felt that concentrating the refund in the low- and middle-income groups would be more equitable and more effective in stimulating the economy.

The bill provides taxpayers with the option of claiming a $200 tax credit instead of their $750 personal exemptions. This replaces the increases in the standard deduction in the House bill. Both the optional credit in the Finance Committee bill and the increases in the standard deduction in the House bill would remove virtually all poor people from the income tax rolls. The optional credit, however, provides tax relief not only to people who use the standard deduction, but also to those who itemize their deductions, and it provides more relief to large families than the changes in the standard deduction.

The committee felt that some provision to remove low-income families from the income tax rolls was essential, since inflation in recent years has eroded the value of the personal exemption and low-income allowance and thereby caused the poverty level to creep substantially above the tax threshold—the level at which people start to pay income tax. The committee felt that the optional credit was a more equitable way of achieving this objective than increasing the minimum standard deduction.

Taxpayers will choose the $200 credit over the $750 deduction only when their marginal tax bracket is less than 27 percent. This will be at incomes below approximately $22,000 for the typical family and $13,000 for the typical single person. People with higher incomes will get no tax reduction from the optional credit. The revenue loss of the credit will be $6.1 billion, or $1 billion more than the increases in the standard deduction in the House bill.

The third major tax reduction for individuals is an earned income credit for the working poor. A similar provision has been passed by the Senate three times, but the House has consistently rejected it in conference. Now, the House has seen the error of its ways, for the House bill contained a refundable tax credit equal to 5 percent of earned income, up to $200. The House credit phased out between incomes of $4,000 and $6,000.

The Finance Committee has made several changes in the credit. It has limited the credit only to taxpayers with dependents, because too much of the credit was going to single people, especially students, under the House version. Most of these people are not poor. The committee increased the rate of the credit to 10 percent and increased the phaseout to between $4,000 and $8,000. The earned income credit in the Finance Committee's bill involves a revenue loss of $1.7 billion, which is $1.3 billion less than the credit in the House bill. Eliminating the credit for taxpayers without dependents permits us to more than double its size for people with dependents.

This earned income credit is needed to provide tax relief to people who are too poor to pay income tax, but who still pay social security tax and bear the burden of the social security tax paid by their employers.

The Finance Committee also agreed to a number of additional reductions for individuals that were not included in the House bill.

The bill includes a $2 billion rate reduction in the lower tax brackets. The rates in the brackets up to $4,000 will be reduced by 1 percentage point for a 2-year period. This will provide a $40 tax cut to people with taxable incomes over $4,000.

The bill also includes a tax credit for the purchase of a home that is to be used as a principal residence. The credit will be 5 percent of the price of the home, up to a maximum credit of $2,000, and will be available until December 31, 1975. The committee thought that it was inappropriate to provide large refunds of 1974 taxes to upper income taxpayers, but it felt that a larger tax credit was appropriate if it was connected with the purchase of a new home, in view of the severely depressed state of the housing industry.

Housing starts have fallen from almost 2½ million in 1972 to less than 1 million at the present. There is extremely high unemployment in the construction industry, and a recovery in the housing sector is an essential ingredient of economic recovery generally. This housing credit will be a powerful stimulus and should increase starts by at least 100,000 at annual rates. The revenue cost would be $3 billion in 1975.

Mr. President, permit me to say that, having studied this matter subsequent to the committee action, it is my conclusion that we should reduce the cost of this tax deduction by leaving out the tax credit for the purchase of used homes. That would reduce the cost of the provision to about $1 billion a year, and I believe that we will be concentrating the relief then in the area where it will do the most good.

In other words, I think that a dollar of tax credit spent to help bring about the purchase of a new home will have a far more stimulating effect than a dollar of tax credit to help a family buy a used home, perhaps in moving from a smaller home into a larger home. That, Mr. President, will, I think, eliminate the one item that has created the most controversy and perhaps the most objection since the committee ordered this bill reported. I shall propose to modify the committee amendment when the opportunity presents itself.

The last tax reduction for individuals allows them to carry back their capital losses in the same manner as corporations. Under existing law, if an individual sustains a capital loss in one year and a capital gain in a subsequent year, he can carry the loss forward and deduct it against his capital gain, however, if his gain comes in a year prior to his loss, he cannot carry back the loss and deduct it against his gain. This result is inequitable and serves no useful purpose. Furthermore, it leads to tax loss selling at the end of each year by people who have realized gains and who have unrealized losses that they may never be able to deduct unless they sell before the end of the year. This provision will be helpful to people who made money in the rising stock market of 1972 and 1973 but who lost in 1974 and 1975.

The revenue loss of this provision will be approximately $100 million. These tax cuts for individuals, totaling $21 billion for 1975—or $19 billion if used homes are removed from the housing tax credit, should provide a strong stimulus to consumer spending and put us on the road to economic recovery.

The tax reductions for business in the bill are designed mainly to stimulate investment spending, although they also will encourage firms to establish employee stock ownership plans for their workers.

The House bill increased the investment credit to 10 percent. The Finance Committee's bill maintains this increase and provides a further increase to 12 percent for 1975 and 1976. However, firms may claim the additional 2 percentage points only if they put one-half the tax saving into an employee stock ownership plan.

I, for one, believe that we should do all we can to spur employee stock ownership. If workers own stock in the firms that employ them, they will be both more productive and wealthier. Employee stock ownership plans are a way for corporations to raise capital and, at the same time, make their workers better off.

Mr. President, I would like to comment at this point that people oftentimes fail to grasp the significance of what is happening in this bill. What we have before us is the largest revenue bill it has been my privilege to support in the 26 years I have been here in the Senate. But, Mr. President, the $30 billion tax cut proposed in this bill will not be significant from the vantage point of history. The significance of this bill, if it passes as recommended by the Committee on Finance, would be that this was the measure that set this Nation firmly on the road to encouraging that those who work for the large corporations of America should acquire stock in those companies as a partial reward for their work effort.

If this proposal becomes law, as encouraged by the committee and, I believe by the Senate, it will mean that future generations will own stock broadly spread among the American people. No longer will we have a situation where 3 percent of the people own 70 percent of all corporate stock, and 90 percent own none of it.

We will have a situation where the overwhelming majority of American families own stock in companies for which they and their forebearers have labored. Instead of America being a country in which a trillion dollars of plant and equipment will belong to very few, this will be an America in which the average working man is both a worker and a capitalist because his efforts as well as those of his parents, and perhaps his grandparents, have acquired for him an equity interest in the plants, the machines on which he has toiled and operated down through the years.

That, Mr. President, I believe, will be

the great significance of this bill from the point of history, that it sets America on a road that means not just the few will own the plant and equipment in this country, but that many will own it.

When a person dies or when a person retires, he will have not only a social security pension which, hopefully, will keep him out of poverty but, under legislation wisely recommended by the Senate and the Congress in the previous session, he will have a private pension that he will have earned by his endeavors in addition to his social security income.

Further than that, he will have retirement income from stock he has earned in the company for which he labored down through the years.

Now, when that worker is called on to his reward, he will have not only a home that has hopefully been paid for in its entirety but, in addition to that, he will leave behind an estate that will include stock in the company for which he labored down through the years.

That stock might be as much as a half million dollars in value, Mr. President, not necessarily because of this bill, but because this bill, for the first time, provides such a strong, affirmative incentive that I should judge every major company listed on the New York Stock Exchange will find it to its advantage to claim the full tax credit, and in doing so make their employees, not just some, but 100 percent of their employees, shareholders in their company.

The higher investment tax credit will encourage businesses to invest in equipment. This will increase the level of economic activity today, and increase the capacity of the economy to meet future demands.

The House bill contained a provision limiting the additional investment credit that could be taken by any one company to $100 million. The purpose of this provision was to discriminate against A.T. & T., which makes enormous investments and hence claims a large investment credit. The Finance Committee deleted this cap since there is no reason why A.T. & T. should be the only company in the country not receiving a full investment credit for the investment they are making in the American economy.

The House bill also liberalized the investment credit for public utilities, raising the rate from 4 to 10 percent and increasing temporarily the fraction of tax liability that could be offset by the credit. The Finance Committee bill includes all these provisions.

The House bill raised the amount of used equipment that could qualify for the investment tax credit for $50,000 to $75,000. To aid small business, the Finance Committee removed this limit entirely.

The House bill made an important change in the way the investment credit is computed. Under existing law, a taxpayer may claim the investment credit when qualified property is placed in service. This discriminates against property that takes a long time to build. The bill provides that, in the case of property that takes more than 2 years to construct, the investment credit can be claimed as progress payments are made rather than when the property is placed in service. The committee's bill includes this change.

These increases in the investment tax credit total $4 billion.

The House bill raised the surtax exemption in the corporate income tax from $25,000 to $50,000. Income exempt from the surtax is taxed at a 22-percent rate rather than the generally applicable 48-percent rate. This loses $1.2 billion in revenue, most of which goes to small business. The committee's bill includes this increase in the surtax exemption.

This increase, however, does not help businesses whose incomes are less than $25,000. To provide relief to these corporations, the committee reduced the normal corporate tax from 22 percent to 18 percent and raised the corporate surtax from 26 percent to 30 percent. Thus, corporate income below $50,000 will be taxed at an 18-percent rate, while income above $50,000 will continue to be taxed at a 48-percent rate. The revenue cost is $700 million.

The committee bill removes the excise tax on trucks, trailers, buses and related parts. This will help stimulate the depressed auto industry. The revenue cost is $700 million.

In addition, the bill permits corporations to carry back their net operating losses for 8 years if they are willing to give up their 5-year carryforward. Allowing firms to average their profits and losses over a longer period is fair, and it encourages firms to take risks. It will help firms that have had large losses in recent years, including Pan Am, Lockheed and Chrysler. The bill provides that the first time a corporation makes use of this election, it must put 25 percent of the tax saving into an employee stock ownership plan. An exception is made for automobile companies, who may put 12½ percent into employee stock ownership and 12½ percent into a supplemental unemployment benefits plan, if they so desire.

The other tax reductions for business liberalize the work incentive tax credit and increase the exemption from the accumulated earnings tax from $100,000 to $150,000.

These business tax changes total $8 billion for 1975. They will provide a substantial stimulus to business investment.

The committee deleted from the House bill the provision repealing percentage depletion for oil and gas. It felt that this should be a tax reduction bill, so that tax increases on the oil and gas industry would be counterproductive, especially in view of our serious energy problems.

The Tax Reduction Act of 1975 will turn the American economy around. Computer simulations, using the Chase econometric model, suggest that this bill will raise the gross national product by $27 billion in 1976, and will provide 500,000 jobs. This will reduce the unemployment rate from a predicted level of 7.9 percent to 7.4 percent at the end of 1976.

Mr. President, the revenue estimates which I have related to the Senate do not include the so-called feedback effect, which amounts to some $6 to $7 billion.

For example, Mr. President, a tax credit for new homes will cost about $1 billion in revenue loss. Now, the estimates that we have would mean that the additional social security taxes collected, a savings in unemployment insurance payments, and in fact, additional funds going into unemployment insurance trust funds, the additional taxes paid by suppliers of building materials, the additional taxes paid by lenders on the interest income, financing new homes—all of which make up the ripple effect of those who spend money because they are employed and in turn cause someone else to make a sale and to have more business activity—it is estimated that this amendment will bring to the Treasury $750 million of additional revenue to the Government.

So the net cost in revenue is really only $250 million if we stimulate a substantial number of sales of new homes. It is my estimate, Mr. President, that we are going to stimulate more home sales than that, and if we do, the housing tax credit will actually make money for the Treasury.

But that is only the small part of the gain of that provision because the big gain of it is the additional wealth that will be created for the benefit of 200 million people, namely, the new homes that we will have in this country, which is the big asset, quite separate from the fact that the Government takes in revenues to offset a considerable portion of the cost.

So, Mr. President, assuming we can stimulate the construction of 100,000 additional homes, not only would we regain most of the revenue cost of this measure, but assuming that the average home would be worth $20,000—and that is a very conservative estimate—that would be $2 billion of new homes to enrich our economy.

So if one would look upon something that costs in taxes a loss to the Treasury of $250 million to make the Nation's economy $2 billion richer, then I would say, Mr. President, that would be an exceedingly good deal. That would be a tax advantage of about 8 to 1.

It is that tax stimulative effect that we seek to bring about with this tax reduction bill. In my judgment, Mr. President, there is nothing in the bill that would stimulate new construction and new jobs any more efficiently than what is proposed with regard to new homes.

It is essential that the Senate pass this tax cut bill as soon as possible. An unemployment rate of over 8 percent is unconscionable and we must take immediate action to restore prosperity.

Mr. President, we in the committee have sought to press forward with this legislation with a sense of urgency. It may well be that we on the committee might want to, as I will recommend, modify at least one and perhaps more of the committee amendments recommended to this bill.

I point out that we could have done a somewhat more thorough job had we taken more time. But the Nation needs this tax cut. It needs it soon. The Senate should keep that in mind.

I would point out, in considering the

urgency of this matter, that the President made his state of the Union address on January 15. This measure could have been considered beginning the day thereafter in the House. Under the Constitution, it must originate in the House of Representatives.

The House reported its bill on February 25, 42 days after the state of the Union message. We, in the Senate, have undertaken to move this bill more rapidly.

This bill was referred to the Finance Committee on February 28, which, if we respect both the spirit and letter of the Constitution, would be the first time that we could have undertaken to move on it.

We ordered this bill reported on March 17, after 18 days. So I point out that the Senate committee has hastened its deliberations and recommended to the Senate what it believes would be its best judgment over a period of 18 days, which is less than half the time taken by the Ways and Means Committee in getting their bill before the House of Representatives.

Mr. BENTSEN. Will the Senator yield?

Mr. LONG. I hope that the Senate will appreciate the same sense of urgency that the committee appreciated and try to move as expeditiously, while thoughtfully, as it can move on an important measure of this sort.

Mr. President, I ask unanimous consent to have printed in the RECORD a chart showing the number of days which this bill has been before the Senate committee, as well as the House committee, which I think indicates that we have moved forward as rapidly as we thought we could and have endeavored to give this measure our best judgment during that period of time.

I would hope that the Senate would be tolerant with us in realizing that if there is some imperfection in this measure it may very well be because of the pressure of the urgency of the business recession from which this Nation suffers at this point, and the desire of the Senate to act on this measure. If we have made an error, I am sure the Senate will help us to correct it. I am confident also that we have brought before the Senate a measure that will stimulate the economy more substantially than the House bill. Applauding the good work done by the House Ways and Means Committee and the House, itself, I believe the Senate has improved it, as we always do when we have an opportunity to consider their handiwork and offer our suggestions.

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

H.R. 2166—TAX CUT BILL

Jan. 15——State of the Union message: President outlines administration proposal.

35 days in committee (42 days from the state of the Union message):

Jan. 22——Ways and Means Committee begins hearings.

Jan. 29——Ways and Means Committee concludes hearings.

Feb. 25——Ways and Means Committee reports H.R. 2166.

Feb. 27——House passes H.R. 2166.

18 days in Committee:

Feb. 28——Referred to Finance Committee.

13 days from the beginning of hearings:

Mar. 5——Finance Committee begins hearings (first day Secretary Simon is available).

Mar. 12——Finance Committee concludes hearings.

Mar. 13-14—Executive sessions; bill ordered reported.

Mar. 17——Committee reports H.R. 2166.

Mr. MANSFIELD. Will the Senator yield for a unanimous-consent request?

Mr. LONG. I yield.

UNANIMOUS-CONSENT AGREEMENT—H.R. 4592

Mr. MANSFIELD. Mr. President, I wish to propound a unanimous-consent request pertaining to appropriations for foreign aid.

Mr. President, the appropriate Members have been contacted. As the Senate is aware, H.R. 4592, an act making appropriations for foreign assistance and related programs for fiscal year ending June 30, 1975, and for other purposes, faces an expiration date.

Therefore, Mr. President, if the Republican leadership will give me their attention, I would like to make this request:

I ask unanimous consent that when H.R. 4592 is called up, there be a time limitation of 1 hour on the bill, 20 minutes of which will go to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), and the remainder to be equally divided among the manager of the bill, the Senator from Hawaii (Mr. INOUYE) and the ranking Republican member, the Senator from Massachusetts (Mr. BROOKE), or their designees; that there be 20 minutes on amendments, 10 minutes on amendments, motions, and the like to amendments, and that all amendments be germane, and that rule XII be waived.

Mr. HUGH SCOTT. Reserving the right to object, I do this only for the purpose of pointing out that we have not yet been able to get in touch with the Senator from New York (Mr. JAVITS), who asked to be notified. I hope he will agree to the time limitation as it is the only way by which we can dispose of this in consideration of the priority of the tax bill.

Mr. MANSFIELD. If the Senator will allow me, I would like to place this request at this time subject to the approval of the Senator from New York to make sure that his rights are fully protected, and to point out that if something like this is not done shortly we are faced with another continuing resolution. If the Senator would like, I will even withdraw the request at this time.

Mr. HUGH SCOTT. We have no notification from anyone except the Senator from New York and I would accept it subject to his approval, with that clear understanding.

Mr. MANSFIELD. Good enough.

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

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that the following modifications be made in the unanimous-consent agreement with respect to H.R. 4592, the appropriations bill for foreign aid: that time on any amendment be limited to 20 minutes—any amendment.

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

Mr. ROBERT C. BYRD. I further ask that the agreement be in the usual form with respect to division and control of time.

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

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. CURTIS. Mr. President, I ask unanimous consent that the following staff members may be given the privilege of the floor throughout the deliberations on the pending measure: Bob Cable, Margaret Lane, Nolan McKeon, and Bill Corbitt.

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

Mr. CURTIS. Mr. President, I wish to commend the distinguished chairman of the Committee on Finance for his leadership in this matter. He is devoted to his task. He is intensely interested in our economy. I wish to thank him for his unfailing courtesy and for his consideration of the members of the committee, and particularly the minority members.

Mr. President, as the distinguished chairman of our Committee on Finance has stated, our national economy is in a period of crisis. We are beset by the dual problems of recession and inflation. The bill now before us represents an attempt to provide sufficient stimulus to the economy to assure recovery from the current recession. My individual views with respect to this legislation are set forth in the committee report and I shall not restate them here. My purpose here is to discuss the background of the bill and explain briefly some of its more important provisions.

In his state of the Union message, President Ford recommended a temporary tax cut of $16 billion to stimulate the economy. The President's proposal was quite simple. To stimulate consumption, individuals were to receive cash refunds of a part of their 1974 income taxes aggregating $12.2 billion. To stimulate invesment, and thus increase employment, the investment tax credit would have been increased on a temporary basis from 7 to 12 percent. The President also submitted a program of permanent tax reform, including relief for low-income taxpayers. He urged, however, that, given the state of the economy, we first enact a temporary antirecession tax cut and then move to the more difficult problems of energy and general tax reform.

In response to the President's request, the House enacted a tax cut of about

$20 billion, of which about $16.2 billion was for individuals and the balance was for business. The House bill provided for a smaller rebate of 1974 taxes than the President recommended, and reduced 1975 income tax burdens for individuals by increasing the low-income allowance and the percentage standard deduction, and by providing an earned income credit. In general, the House bill provided greater relief to low-income and middle-income taxpayers than the President recommended in his temporary tax cut proposals. The business tax provisions of the House bill in general provided for temporary increases in the investment tax credit from 7 to 10 percent and an increase in the corporate surtax exemption from $25,000 to $50,000.

The Finance Committee's bill contains a tax cut of more than $29 billion, of which $21 billion is for individuals. These individual tax reductions consist of a refund of 1974 taxes, reductions applicable to 1975 and 1976, and some permanent reductions.

The provisions of the committee bill providing for refunds of 1974 taxes are unchanged from the House bill. In general, individuals are to receive refunds equal to 10 percent of their 1974 tax liability, with a maximum refund of $200 and a minimum refund of $100. If an individual's tax liability is less than $100, the amount of the actual tax liability will be refunded. The $200 maximum refund is subject, however, to a limitation based on adjusted gross income so that individuals with adjusted gross incomes of $30,000 or more will receive not more than $100. For individuals with adjusted gross incomes between $20,000 and $30,000, the maximum refund will vary between $200 and $100. The great bulk of the $8.1 billion in refunds will go to individuals with incomes under $20,000.

The committee bill also contains a number of other provisions affecting individuals. First, in lieu of the provisions in the House bill increasing the low-income allowance and the percentage standard deduction, the committee bill would permit taxpayers to elect a $200 credit as a substitute for the $750 personal exemption. This election will principally benefit low- and middle-income taxpayers because, once a taxpayer reaches the 27-percent rate bracket, it will still be more advantageous to claim the $750 personal exemption. This provision, which will reduce revenues by $6.1 billion, is effective only for taxable years beginning in 1975. Unlike the provisions of the House bill increasing the standard deduction, the $200 optional tax credit will benefit both individuals who itemize their deductions and individuals who utilize the standard deduction.

A second provision of the committee bill affecting individuals reduces by 1 percentage point the tax rates now applicable to the first $4,000 of taxable income. This rate reduction will apply to 1975 and 1976 and will reduce Federal revenues by $2 billion. Its principal benefit will be to low-income taxpayers, but it will also reduce taxes of those with incomes of $4,000 or more by $40.

A third major provision affecting individuals provides a 10-percent credit against earned income. The maximum credit is $400 and is phased out as an individual's adjusted gross income increases from $4,000 to $8,000. The credit is available only to workers with dependent children. This credit is a refundable credit. That is, an individual will receive it even if he has no liability for income taxes. In most cases, the credit will closely approximate the social security taxes paid by the individual. The credit which has been changed substantially from the comparable provision in the House bill, will apply only to taxable years beginning in 1975 and involves a revenue loss to $1.7 billion.

A fourth and much discussed provision of the committee bill, affecting individuals, provides a 5-percent credit for the purchase or construction of a principal residence between March 13 and December 31, 1975. The credit cannot exceed $2,000 and will apply to new and used houses, condominiums and mobile homes. In general, the credit will be measured as a percentage of the purchase price, but that price must generally be reduced by any gain realized, but not recognized for tax purposes, on the sale of a former residence. Also, the credit is subject to a "recapture" provision if the residence is sold within 3 years. However, the recapture rule generally does not apply if another principal residence is acquired within a year. The estimated revenue loss from this credit is $2.9 billion for 1975 and $500 million in 1976.

The fifth and final provision of the committee bill affecting individuals is permanent in nature and permits capital losses aggregating $30,000 or more to be carried back and used to offset previously realized capital gains. Present law permits only a carryforward of capital losses by individuals. The revenue loss from this provision is estimated at $100 million.

The committee bill also contains a number of provisions affecting business, the most important of which concerns the investment tax credit. The committee bill provides a temporary increase through 1976 in the investment credit rate to 12 percent and thereafter a permanent increase to 10 percent. These new rates will apply to all taxpayers, including public utilities which are now subject to a 4-percent rate instead of the 7 percent rate applicable to taxpayers generally. Other provisions of the bill seek to assist hard pressed public utilities by liberalizing certain features of the investment credit, such as temporarily increasing the limitation on the amount of tax liability which may be offset by the investment credit.

The temporary increase in the investment credit rate to 12 percent is not automatic. It must be elected. In the case of corporations with qualified investment eligible for the credit of $10 million or more, election of the 12 percent credit requires that one-twelfth of the 12 percent credit be used to fund an employee stock ownership plan. No such plan need be established if the taxpayer claims a 10-percent investment credit.

Three other features of the investment credit provisions of the committee bill should be mentioned. First, the existing $50,000 limitation on the amount of used property eligible for the credit which was raised to $75,000 by the House bill, is eliminated completely by the committee bill. Second, the provision of the House bill limiting the benefit of the increased investment credit to a specified dollar amount has been deleted since the committee understands that it would apply to but one corporation. Finally, the committee left unchanged the provisions of the House bill which permit an investment credit with respect to progress payments made in connection with property which requires more than 2 years to construct. This is an exception to the general rule of present law allowing a credit only when property is actually placed in service.

A second major provision in the committee bill affecting business concerns the rate of tax on corporate earnings. Under present law, the first $25,000 of a corporation's earnings is taxed at a 22-percent rate and the earnings in excess of $25,000 are taxed at a 48-percent rate. Under the committee bill, the first $50,000 in corporate earnings will be taxed at an 18-percent rate and earnings in excess of $50,000 will be taxed at a 48-percent rate. These changes will apply only for 1 year and will reduce revenues by $1.9 billion, of which about 60 percent will go to corporations with earnings under $100,000.

A third major business provision of the committee bill would permit business taxpayers to elect to substitute an 8-year net operating loss carryback for the generally applicable 3-year carryback and 5-year carryforward provisions of existing law. This provision will assist those taxpayers who, because of the recession or otherwise, sustained large net operating losses and anticipate little or moderate profits in the period ahead.

The provision applies to losses sustained in years ending after January 1, 1970, and it has been well-publicized that certain large corporations will derive substantial benefits from its enactment. However, let me emphasize that this provision, which is permanent, applies to all business taxpayers.

Two features of this new loss carryback provision deserve special mention. First, once an election is made with respect to losses for a particular year, the election applies to losses in all subsequent years unless it is revoked. Moreover, a revocation is only effective if the taxpayer in effect repays to the Government all of the tax benefits that he derived from the election that he would not otherwise have received. The second point is that when a corporation makes an election and receives a tax benefit of $10 million or more from the election, one-fourth of the tax benefit resulting from this first election must be used to fund an employee stock ownership plan. In certain cases, an electing taxpayer may use one-half of the amount that would otherwise go to an employee stock ownership plan to contribute to a supplemental unemployment benefit plan.

The other business provisions of the committee bill repeal the manufacturer's excise taxes on trucks, truck bodies, buses and truck parts; increase the accumulated earnings tax exemption to $150,000; and liberalize on a temporary basis the work incentive tax credit.

The committee bill thus covers a substantial number of subjects. It also provides tax cuts significantly larger than recommended by the President or enacted by the House. Additionally, the bill does make some permanent changes in our tax structure. The bill does not, however, deal with the allowance of percentage depletion with respect to oil and natural gas. A majority of the committee, including some who favor repeal, felt that this issue should be deferred so that the tax cut could be enacted as promptly as possible. In this connection, I would say that virtually every economist and representative of business and labor who appeared before the committee advised prompt action on this bill and urged that its enactment not be delayed by a protracted debate over depletion.

Mr. President, I wish to include in my remarks at this point the supplemental views of Senators CURTIS and FANNIN, published in the committee report. I ask unanimous consent that they be printed in the RECORD.

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

IX. SUPPLEMENTAL VIEWS OF SENATORS CURTIS AND FANNIN

We cannot support H.R. 2166. In its present form, it simply fails to meet the needs of our economy. Today, our economy is beset both by recession and by inflation. These two problems are interrelated. Inflation is a persistent and cancerous malady which can be overcome only by firm and courageous actions. Inflation cannot be ignored; it is a cause of recession. In his testimony before the Committee on Finance, Secretary of the Treasury Simon said:

"More than anything else it is inflation which has created our current recession. Inflation destroys consumer confidence, investor confidence, and public confidence in the ability of our government to perform its obligations."

We do not oppose the use of a reasonable tax cut to stimulate the economy, but if a tax cut is to be used to combat recession it must, in our view, meet several criteria. *First*, a tax cut must strike a balance in our economic policy. The recession is severe and we must seek to counteract it. Nevertheless, we cannot follow policies which will again overheat the economy and lead to additional period of double-digit inflation. *Second*, a tax cut should be temporary in nature, cast in the form of a rebate or refund, and coupled with modification of those provisions of the tax law (such as the investment tax credit) that are proven job-producers. Permanent reduction in taxes (whether accomplished by rate reductions or otherwise) have no place in a temporary anti-recession tax cut. Permanent changes tend to invite budgetary problems for future years. *Third*, special consideration should be given to those individuals with low incomes who, because of inflation, face severe hardship. Many of the problems of the poor cannot be met by reducing taxes, but where tax relief is effective, action should be taken. *Fourth*, we believe that to provide jobs the relief should go to business, but if it is to go to individuals, it should give particular consideration to middle income taxpayers who have been hit hardest by increased taxation due to the inflationary rise in incomes. Substantial rebates of tax reduction to middle income taxpayers could have the greatest impact on consumer purchase of durable goods which, in turn, would put more employees to work in the industrial sector.

Unfortunately, H.R. 2166 fails to meet these criteria. For calendar year 1975, the bill would reduce Federal revenues by $29.2 billion. This is $9.3 billion more than the House bill and $13 billion more than requested by the President. At this level, we risk both unacceptable budgetary deficits and a new round of inflation.

Moreover, although cast as a temporary tax cut, the bill contains provisions which are either expressly made permanent or likely to become permanent features of our tax structure. Of $29.2 billion in tax reductions provided for in the bill, $21.2 billion is for relief to individuals. Of this amount, $9.9 billion is attributable to provisions we consider to be permanent in nature. These "permanent" provisions include a $200 optional tax credit in lieu of the $750 personal exemption ($6.1 billion), a reduction of one percentage point in the four lowest income tax brackets ($2.0 billion), a refundable 10 per cent credit against earned income for workers with families who earn $8,000 or less annually ($1.7 billion), and a provision permitting individuals to carryback capital losses for three years ($0.1 billion). The bill also makes permanent changes in the pattern of business taxation. The investment tax credit rate is increased to 12 per cent on a temporary basis and to 10 per cent on a permanent basis. A special loss carryback provision for corporations has been added and made permanent. The manufacturer's exise tax on trucks has been repealed. Additionally, the bill increases the corporate surtax exemption to $50,000 and reduces the rate at which corporations with less than $50,000 in earnings will be taxed. These last two provisions are technically temporary, but they may well become permanent. These provisions may well be desirable as a matter of tax policy, but they do not belong in an ostensibly temporary anti-recession tax cut. They can be, and should be considered in the context of general tax reform later in this session of the Congress.

The bill does grant tax relief of low income families, but we are concerned that, given the very special and particular purpose of this legislation, the bill may be tilted too far in this direction. While low income taxpayers are likely to spend a tax reduction, the recession is particularly pronounced in the case of durable goods. During 1974, personal consumption expenditures (measured in constant 1958 dollars) dropped almost 9 per cent. A broadly-based stimulus for the purchase of all durable goods (the so-called "big ticket" items) is needed. This the bill does not do. For example, the maximum rebate of 1974 taxes is $200 and no taxpayer with adjusted gross income in excess of $20,000 can receive even this "maximum" amount. The bill should provide relief to low income taxpayers, but its purpose as a stimulative device requires that the tax reductions be balanced.

For these reasons, we have reluctantly concluded that we cannot support H.R. 2166 in its present form.

We need to remember certain economic facts of life. The total public debt outstanding as of March 12, 1975, was $501,559,000,000. The estimated deficit for the year ending July 1, 1975, (Fiscal Year 1975) is $45 billion, and for the year ending July 1, 1976, (Fiscal Year 1976) is $80 billion. The interest on the national debt in Fiscal Year 1975 was $32.9 billion, and it is estimated it will climb to $36 billion in Fiscal Year 1976.

The greatest spur that we could give to our economy would be to put the Federal government's house in order. This would restore confidence throughout all segments of our economy.

CARL T. CURTIS,
U.S. Senator.
PAUL J. FANNIN,
U.S. Senator.

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

Mr. RIBICOFF. Mr. President, I urge my colleagues to support the tax bill which we in the Senate Finance Committee have reported. While there are some provisions in the bill which I do not support and there are some provisions which could be added to strengthen the bill, it is on the whole a good bill. And it is an emergency measure if we have ever had an emergency measure in the Senate. It must be acted on quickly. Every day we delay means a loss of almost $100 million in increased GNP and a delay in creating over 600,000 jobs.

The American economy is in its greatest crisis since the depression of the 1930's.

The year 1974 was a disaster for American workers, their families, and American business.

Unemployment climbed from 5.2 percent in January 1974 to 8.2 percent in February 1975. In my own State the rate approaches 9 percent.

The GNP registered its largest annual decline since 1946.

Personal consumption expenditures for desirable goods fell by 9 percent in 1974 with the auto industry experiencing a drop in sales in 1974 of 22 percent. Nondurable expenditures also fell.

Gross personal investment dropped 8.2 percent in 1974 compared with a 10 percent rise in 1973.

Housing starts totaled only 1.4 million compared with 2.4 million in 1972 and 2.1 million in 1973.

And the consumer price index rose 12.2 percent.

The economic outlook is not getting any brighter. On Friday, March 14, 1975, the Federal Reserve Board reported that industrial production declined in February dropped for the fifth consecutive month and layoffs are growing. And while inventories are finally starting to decline, this positive sign may be shortlived if those still working cut back on their spending in anticipation of additional layoffs. We must bolster consumer confidence if we expect to turn the economy around.

The Senate Finance Committee bill meets the economic crisis head on. We have approved what I consider bold and substantial measures to meet the crisis.

Our bill provides $29.2 billion in tax relief—$9.3 billion more than approved by the House. Of this total, $21.2 billion would go to individuals. In our trillion dollar economy, this bill's cuts represent 2 percent of GNP—a smaller relative cut than we approved in 1964. If we had wanted to equal the impact of the tax cut of that year, we would have had to approve a $39 billion cut. In going beyond the House bill we find ourselves in agreement with virtually all of the economists who have come before Congress and testified as to the need for a tax cut of around $30 billion.

On the Senate floor we can do even more if we wish. But it is clear that we

can do no less. And we must take action without delay.

The provisions in this bill, both for individuals and businesses, provide the stimulus we need to get our economy on the road to recovery.

INDIVIDUAL TAX CUTS

The Finance Committee bill provides $21.2 billion in tax relief for individuals broken down as follows:

1974 REBATE

The amount of $8.1 billion in immediate rebates of 1974 taxes. This is the same as the provision in the House-passed bill. Taxpayers will pay their regular taxes for 1974 on April 15, 1975. Beginning in May 1975 they will receive one lump sum rebate. Generally, the provision provides a rebate of 10 percent of tax liability up to a maximum refund of $200. However, each taxpayer is to receive a refund of at least $100, or the full amount of his or her tax liability if it is less than $100. The refund is to be phased down from the maximum of $200 to $100 as the taxpayer's adjusted gross income rises from $20,000 to $30,000.

This is a substantial improvement over the administration bill since our proposal concentrates 1974 rebates on low- and middle-income taxpayers while the President's plan provides an overgenerous rebate for the wealthy.

The following tables, which I ask unanimous consent to have printed in the RECORD, illustrate the effect of this rebate.

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

2. EFFECT OF REFUND OF 1974 INCOME TAX[1]

(A) DISTRIBUTION OF TAX REDUCTION BY AGI CLASS

[1974 income levels]

Adjusted gross income class (thousands)	Number of returns affected (thousands)		Decrease in tax liability			
	Total number with tax decrease	Number made nontaxable	Amount (millions)	Percentage distribution of total decrease: By income class	By income Cumulative	By segment
0 to $3	4,057	3,097	$230	2.8	2.8	
$3 to $5	7,579	1,280	685	8.4	11.2	35.7
$5 to $7	8,273	339	795	9.8	21.0	
$7 to $10	11,428	186	1,197	14.7	35.7	
$10 to $15	15,952	59	2,178	26.8	62.5	
$15 to $20	9,856	16	1,796	22.1	84.6	48.9
$20 to $50	9,006	3	1,612	14.3	98.9	
$50 to $100	655	(2)	65	0.8	99.7	15.3
$100 and over	160	(2)	16	0.2	99.9	
Total	66,966	4,980	8,125	100.0	100.0	100.0

[1] Granting a 100-percent refund of 1974 income tax liability up to $100 without a phaseout and a 10-percent refund of tax above $1,000 with a maximum refund of $200 with the refund phased out between $20,000 and $30,000 of adjusted gross income but not below $100.

[2] Less than 500 returns.

Note: Details may not add to totals because of rounding.

(B) REDUCTION OF TAX BURDEN[1] FOR TYPICAL TAXPAYERS AT VARIOUS AGI LEVELS

[Assuming deductible personal expenses of 17 percent of income]

Adjusted gross income	Tax liability														
	Single person			Married couple with no dependents			Married couple with 1 dependent			Married couple with 2 dependents			Married couple with 4 dependents		
	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction
$3,000	$138	$38	$100	$28	0	$28	0	0	0	0	0	0	0	0	0
$5,000	491	391	100	322	$222	100	$208	$108	$100	$98	0	$98	0	0	0
$6,000	681	581	100	484	384	100	362	262	100	245	$145	100	$28	0	$28
$8,000	1,087	978	109	837	737	100	694	594	100	559	459	100	312	$212	100
$10,000	1,482	1,334	148	1,152	1,037	115	1,010	909	101	867	767	100	586	486	100
$12,500	1,996	1,797	200	1,573	1,415	157	1,408	1,267	141	1,261	1,135	126	976	876	100
$15,000	2,549	2,349	200	2,029	1,829	200	1,864	1,678	186	1,699	1,529	170	1,371	1,233	137
$17,500	3,145	2,945	200	2,516	2,316	200	2,329	2,129	200	2,156	1,956	200	1,826	1,643	183
$20,000	3,784	3,584	200	3,035	2,835	200	2,848	2,648	200	2,660	2,460	200	2,285	2,085	200
$25,000	5,230	5,030	150	4,170	4,020	150	3,960	3,810	150	3,750	3,600	150	3,330	3,180	150
$30,000	6,850	6,750	100	5,468	5,368	100	5,228	5,128	100	4,988	4,888	100	4,508	4,408	100
$35,000	8,625	8,525	100	6,938	6,868	100	6,668	6,568	100	6,398	6,298	100	5,858	5,758	100
$40,000	10,515	10,415	100	8,543	8,443	100	8,251	8,151	100	7,958	7,858	100	7,373	7,273	100

[1] Computed without reference to the tax tables for returns with adjusted gross income under $10,000.

$200 OPTIONAL CREDIT

Mr. RIBICOFF. Mr. President, we also approved a $6.1 billion tax cut provision which allows taxpayers to take a $200 option tax credit in lieu of the $750 personal exemption. This provision was adopted in place of an increase in the standard and minimum standard deduction approved by the House. The provision we approved provides permanent tax relief not only for those who take the standard deduction but for those who itemize their deductions as well. The itemizers received no permanent benefit under the House-passed bill.

Under present law each taxpayer can take a $750 personal exemption. This reduces the income on which tax liability is computed. The personal exemption has been criticized for being worth more to high-bracket taxpayers than to low-bracket ones. A $750 exemption is worth $525 to a taxpayer whose tax bracket is 70 percent, but only $105 to someone in the 14-percent bracket.

To remedy this situation we have provided a $200 optional credit which allows a person to subtract $200 directly off his tax liability in lieu of using the $750 exemption.

The $200 credit would be worth more in tax savings than the $750 to almost all families making up to $21,000 a year, especially to those making from $7,000 to $21,000 and to those who itemize. A family of four making $10,000 would save $230 in taxes by using the $200 optional credit in lieu of the personal exemption.

There are some potential problems in the credit aproach which I know Senator MONDALE wants to iron out. These involve wide disparities in income depending on the number of dependents in a family.

LOW INCOME RATE REDUCTION

Low-income Americans are hit hardest by the recession. Therefore, we have approved a $2 billion tax cut proposal which involves a 1-percent tax rate reduction

to each of the initial four rate brackets, which apply to the first $4,000 of taxable income for joint returns. This provision, which would be in effect for 1975 and 1976, would have the effect of providing a $40 tax cut to any married couple with a taxable income of $4,000 or more and $20 to any person with a taxable income of $2,000 or more. For those below these cutoff points, the tax cut would be smaller. The House bill has no similar provision.

HOUSING TAX CREDIT

One of the major effects of the recession has been a drying-up of the housing market. Housing starts in 1974 were only 1.4 million—down from 2.4 million in 1972 and 2.1 million in 1973. By January of this year, housing starts were running at an annual rate of well under 1 million.

Something must be done to stimulate the housing market which has such an important effect on our economy.

We have approved a proposal providing a 5-percent tax credit on the purchase price of a house or apartment, up to a maximum of $2,000. The provision applies to any purchase after March 13 of this year and before the start of next year. We estimate that the cost of the housing tax credit will be $3.2 billion. This House bill has no similar provision.

EARNED INCOME CREDIT

Over the last few years the Senate has approved a provision which Senator LONG and I developed to provide a work bonus to help low-income workers offset the cost of their social security taxes. The House has always prevailed in getting this provision dropped in conference.

I am pleased that the House has finally approved the principle, albeit under the name of refundable earned income credit. We have modified the House provision which provided a 5-percent credit and made it 10 percent. The credit provides a credit of up to $400 for the working poor who have dependent children. Above the $4,000 income level the credit is phased out on a gradual scale. The cost of this provision is $1.7 billion. The House proposal, while only 5 percent, cost $3 billion because it was applied on across-the-board basis rather than being limited to those with dependent children. While I favor the expansion of the credit from 5 to 10 percent, I hope we can retain the House provision which makes the credit available to all, not just to those with dependent children. This provision is an important means of helping low-income workers supplement their earnings. It should be available to all these workers.

BUSINESS TAX CUTS

American business is in the midst of a crisis and we must stimulate this sector of the economy in addition to helping individuals.

Our bill provides $8 billion in tax relief to business. This compares with $5.1 billion provided for in the House bill.

The House approved two major tax provisions to help business—

First. An increase in the investment tax credit from 7 to 10 percent for property acquired and placed in service after January 21, 1975, and before January 1, 1976; and

Second. An increase in the corporate surtax exemption from $25,000 to $50,000.

The Senate bill makes major changes in the House-passed bill with regard to business.

INVESTMENT TAX CREDIT

First, the committee accepted my amendment to increase the investment tax credit to 12 percent and to stretch this increased credit out through the end of 1976. Second, it adopted my proposal to provide for a permanent 10-percent investment credit.

These are important improvements which are necessary to stimulate the private sector to improve and increase their capacity to provide greater output and new jobs. This is especially important for workers and businesses in Connecticut which is heavily involved in manufacturing and machine tools. Unless we can provide aid to American industry to modernize we risk losing out to foreign competition. It is long past time for us to stop exporting our jobs and provide the assistance which is necessary to enable American industry to get on with the job.

The cost of our proposal is $4.4 billion.

SMALL BUSINESS INCENTIVE

Small business is in dire need of an economic stimulus. Under present law a corporation theoretically pays 22 percent on its first $25,000 of income. Above that level it pays at a rate of 48 percent—22 percent plus 26 percent. Our bill lowers the initial rate from 22 to 18 percent and applies this rate to the first $50,000 of income. After that level our bill provides for a return to the 48-percent level—18 percent plus 30 percent.

Since small companies are principal buyers of used equipment, we have also increased from $50,000 to $100,000 the amount of used equipment that could be bought each year and receive the benefits of the investment credit. This will help assure that small businesses as well as large benefit from the increased investment tax credit.

REPEAL OF EXCISE TAX

The committee has also recommended, at a revenue loss of $700 million, the repeal of the 10-percent excise tax on trucks, trailers, buses, and parts. It was felt that such a move would allow these industries to improve their fleets at a quicker pace and provide a stimulus to this depressed sector of the economy.

TAX CREDIT FOR HIRING WELFARE RECIPIENTS

At a cost which we hope will be set off by savings in public assistance costs the committee has approved a provision providing a tax credit of up to 20 percent of the wages paid to an employee who is hired off the welfare rolls. This provision is good through July of 1976. No one employer could claim more than $25,000. We have written in safeguards to assure that those employers who hire people from welfare as a matter of course—such as seasonal employers who hire migrant workers for short periods at certain times of the year—cannot benefit from this provision. Our provision would also simplify the administration and certification process for this credit. I am under no illusions that this tax credit will substantially improve our welfare problem. When all is said and done, we need a massive overhaul of our welfare system if we ever expect to have a system which provides jobs for those who can work and aid for those who cannot.

I am disappointed but not surprised at the Finance Committee action in removing the percentage depletion repeal which was passed by the House. As I will point out during Senate floor debate on depletion, the percentage allowance is an anachronism which costs the American taxpayer $2.5 billion in taxes and produces no corresponding benefit.

I am hopeful that we will have an opportunity to vote directly on the merits of the oil depletion allowance without having to overcome a filibuster. However, if a filibuster should result, I will vote for cloture and will support the amendment to repeal the oil depletion allowance.

Mr. BELLMON. Mr. President, after many weeks of testimony before the Budget Committee, I have become convinced there are three dangers facing Congress.

The first danger is that in our efforts to stimulate the economy, we will produce a large deficit that is impossible to finance without causing sharp increases in interest rates and rapidly rising inflation.

The second danger is that unless Congress is careful, we will appear irresponsible—causing consumers to become even more concerned about this Nation's economic future—and cut back their expenditures accordingly. Recession would then deepen. Our main need now is to act responsibly so as to help renew consumer confidence.

The third danger is that in our eagerness to improve the unemployment situation and to reinvigorate the economy that we will overstimulate—reigniting the fires of inflation. I feel we need to apply stimuli in a modest and orderly manner so that as health returns to the economy, the Government stimuli can be reduced or withdrawn.

Therefore, I support an $11 billion reduction in the tax rebate and reform bill with the view that if a $19 billion stimulus proves to be inadequate, then Congress will have ample time to vote additional tax rebates as further stimulation is needed.

I greatly prefer a moderate stimulus now with additional rebates later to the alternative of a large stimulus now which may produce some of the inflationary conditions which were troubling the country during much of 1974.

Mr. CLARK. Mr. President, I ask unanimous consent that the privilege of the floor be granted to Ms. Mary Anne Albertson of my staff.

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

Mr. McGOVERN. Mr. President, at the appropriate time, I am going to offer a motion to recommit the bill of the Committee on Finance that is now before us. I wish to take advantage of this time to explain the reasons for that, and later this afternoon, I shall make a motion and call for a vote.

Mr. President, I cannot support the $29.2 billion tax expenditure proposal reported over the weekend by the Senate Committee on Finance The committee proposal is far better than the tax scheme originally offered by President Ford. But that is a small recommendation to say the least—like preferring the flu over an ulcer. Why must we confine ourselves to such a narrow choice?

Doubts have already been expressed about some questionable provisions of the bill, including the housing credit and special new corporate loopholes. But I also oppose the economic principle of this legislation. It is the wrong answer for our economic distress.

There is some justice in using the tax system to help people make up at least a portion of the purchasing power that has been stolen away by inflation. I recognize, too, that the Finance Committee proposal is within the range of the amount of stimulus the economy needs. Rising prices and a sinking economy have strengthened the inclination all politicians have to stand foursquare for lower taxes.

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

Mr. McGOVERN. I yield to the Senator from Alaska.

Mr. GRAVEL. Mr. President, I ask unanimous consent that Bill Hoffman of my staff be accorded the privilege of the floor during the consideration of this measure.

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

Mr. HARTKE. Mr. President, will the Senator yield for a similar request?

Mr. McGOVERN. I yield.

Mr. HARTKE. I ask unanimous consent that during the consideration of the tax bill, my assistant, Don Keefer, and Mark McConaghy and Bob Blum of the staff of the Joint Committee on Internal Revenue Taxation be accorded the privilege of the floor.

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

Mr. McGOVERN. Mr. President, I realize that there is general agreement on the part of many of our top economists that the economic condition in the country today calls for a fiscal stimulant roughly along the lines the committee has recommended.

There are various ways that can be done. You can provide stimulus to the economy by direct public investment, or you can do it by a tax cut. It is my own personal view that both methods ought to be used, that we do need a tax reduction for our citizens whose income and purchasing power has been reduced because of inflation. So I have no quarrel with the idea of some tax reduction being offered. But I would also add that we can stimulate the economy, we can provide jobs, we can provide the so-called fiscal stimulant in an equally constructive, and I believe a more constructive, way if we reserve some right here in the Congress of the United States to provide urgently needed funds for public investment.

This plan to shovel out nearly $30 billion through the tax system amounts to an economic policy straitjacket for the Congress. It says, in effect, that all or nearly all of our economic planning is to stimulate purchasing power through tax expenditures. It closes the door on any realistic opportunity to stimulate the economy through direct public investment in urgent public needs. Indeed, this bill is an open invitation to President Ford to veto any legislative initiative in the public sector, on the grounds that it would add to a deficit that is already too large.

We need direct investments in housing. We should expand our investments in new sources of energy. We need desperately to rebuild the Nation's decrepit rail system and to strengthen mass transit, both to conserve energy and to abate pollution. We need investments in schools and in public safety. We must invest to expand our production of food. Determined action in these areas will provide jobs. It will provide more jobs, in fact, than we can expect from wholesale tax cuts. And it will be jobs on projects the country really needs.

Those investments make far more sense than giving $2,000 to anyone who buys a house. They will stimulate private business in far better ways than adding more tax subsidy for any capital investment whether it is for useful or wasteful enterprise.

It should be obvious that the best choice for the economy is a mix of tax expenditures and direct investments, so we can not only restore some of the taxpayer's purchasing power but also stimulate selectively, focusing on high-priority public needs. To combat both unemployment and inflation, we should invest in such job-intensive areas as ending railroad abandonments and rebuilding tracks and rights-of-way.

In my judgment we should reduce the committee's tax expenditure by approximately $10 billion to the level recently recommended by the House of Representatives. Otherwise we will foreclose opportunities in the public sector and offer the country both bad tax policy and bad economics.

It is that $10 billion, Mr. President, and perhaps additional funds, if the Senate sees fit, that we would then have available for investment in urgent public needs, including, if the Senate so desires, public service employment, and including the other highly urgent needs that confront our country.

I would urge the Senate to weigh very carefully the impact on providing jobs, the impact on adding strength to our economy, the impact on providing improved public services for the American people, of taking the approach which I have recommended here—a combination of approximately a $20 billion tax cut, plus the reservation of these additional funds for public spending, as over against the merely $30 billion in tax reductions that the Senate Committee on Finance has recommended.

Mr. President, we also ought to keep in mind that there are a number of highly questionable features in the committee bill that is now before us. We have a measure here that is being referred to as a tax reduction and fiscal stimulant, which includes a special tax code for Pan American Airlines—they are going to have their own tax code—it includes a special provision for A.T. & T.—this will be the A.T. & T. tax code—and there are other corporations where we are writing a special tax code for them, with the sweetener included that a part of the reduction has to be given to the employees.

Mr. President, what about the employees of other companies who are equally hard pressed? Why should either the employees or the stockholders of a particular company be singled out for special relief under the provisions of this bill?

I think there has been general agreement that instead of opening up new tax loopholes, the path of commonsense and tax equity, to say nothing of the efficient administration of our tax laws, calls for closing off some of the loopholes that are already in the law. I hope very much that the amendment offered by the Senator from South Carolina (Mr. HOLLINGS) closing off the loophole on oil depletion will be approved.

Certainly, Mr. President, we are not acting in the public interest when we move on legislation that is going to open up a whole host of new loopholes in the law.

So, as I have stated, Mr. President, at the appropriate time I intend to call up a motion that I have at the desk, which I shall state to the Senate now although I do not intend to call it up at this time.

The motion would be to recommit the legislation now before the Senate to the Committee on Finance, with instructions to report back within 2 days a substitute measure which would result in a revenue loss of not more than $19.2 billion in calendar 1975.

I think, Mr. President, that the course that I am recommending has one additional pragmatic value to it. It brings us into line with what has already happened on the other side of the Capitol, in the House Ways and Means Committee, and I am very hopeful that Senators will consider carefully what I am proposing to do here, and will give it their support when we call it up later in the day.

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

Mr. McGOVERN. I am happy to yield to the Senator from Alabama.

Mr. ALLEN. I am intrigued by the Senator's suggestion that he is going to move to send the bill back to committee with instructions to report back with a reduction of some $10 billion in the amount of tax reduction and tax rebate.

Mr. McGOVERN. Yes.

Mr. ALLEN. Where I would disagree with the distinguished Senator from South Dakota is that he would use this $10 billion that is being refunded or made available to the taxpayers of the Nation in further capital investment or other types of programs of the Federal Government, and he would not use this $10 billion savings, so to speak, in reducing the budget deficit.

Has the Senator given any thought to using that $10 billion in reducing this tremendous deficit?

Mr. McGOVERN. I say to the Senator that that course would be open to the Senate if this motion of mine were adopted, and the Senate decided that we could better strengthen the economy simply by passing on the impact of what I have proposed here in the form of reducing the deficit, and that is a course that is open.

My own view would be to urge the Senate to use this saving, in effect, for public investment. But there is nothing in the language of my recommital motion that would prevent the Senate from simply leaving it at that level.

In other words, all the recommital motion calls for is for the Committee on Finance to bring back a bill here in a couple of days that has a tax reduction of not more than $19.9 billion.

If the Senator from Alabama, with his great persuasive power, at that point then wanted to press against any further public investment, he would have that course open to him. Once this bill is adopted, we are committed to almost a $30 billion tax reduction. I think it is an economic straitjacket either for those who feel that the tax reduction is too large, that the fiscal impact is wrong, or for those of us who feel that we would like to leave some room here on the floor for offering measures for additional public investment. But on either ground I would think the Senator and I could stand together on this proposal.

Mr. ALLEN. Would the Senator's motion then have the effect of bringing the combination rebate and reduction nearer in line with the President's proposal?

Mr. McGOVERN. That is correct. It would bring it much more closely in line with what the President has proposed, and it would bring it exactly into line with the level recommended by the other body.

Mr. ALLEN. I thank the distinguished Senator.

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

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

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

The second assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. 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. DOMENICI. Mr. President, I ask unanimous consent that Caroleen Silver of my staff be granted the floor privileges for the duration of the debate under this bill.

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

Mr. DOMENICI. 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. CRANSTON. 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. CRANSTON. Mr. President, I modify my amendment so that instead of coming at the end of the bill at page 38, that title IV, beginning on page 36, be stricken, and my language be inserted in lieu thereof.

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

Mr. CRANSTON. 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. CURTIS. 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. CURTIS. Mr. President, I ask unanimous consent that Mr. Burke Nelson, a member of the staff, may have the privilege of the floor throughout the deliberations on this bill.

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

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

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

AMENDMENT NO. 72

Mr. HOLLINGS. Mr. President, I send to the desk my amendment on behalf of myself, Senator KENNEDY and others, in the nature of a substitute to the Cranston amendment and I ask the clerk to state the amendment.

The PRESIDING OFFICER. The Clerk will state the amendment.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS), for himself and others proposes a substitute for the amendment of the Senator from California (Mr. CRANSTON).

The amendments is as follows:

At the appropriate place in the Act, add or substitute the following section:

REPEAL OF PERCENTAGE DEPLETION FOR OIL OR GAS WELLS

SEC. . (a) Part 1 of subchapter I of chapter 1 (relating to deductions with respect to natural resources) is amended by adding at the end thereof the following new section:

"SEC. 613A. DENIAL OF PERCENTAGE DEPLETION IN CASE OF OIL OR GAS WELL.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without reference to section 613.

"(b) SPECIAL RULE FOR CERTAIN GAS WELLS.—

"(1) IN GENERAL.—In the case of an operating mineral interest as defined in section 614(d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

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

"(A) NATURAL GAS SOLD UNDER A FIXED CONTRACT.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this chapter by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) REGULATED NATURAL GAS.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(C) The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(D) The term 'domestic' refers to petroleum from an oil or gas well located in the United States or in a possession of the United States.

"(E) The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(c) 3,000-BARREL-A-DAY CRUDE OIL EXEMPTION FOR INDEPENDENT PRODUCERS.—

"(1) IN GENERAL.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to so much of the taxpayer's average daily production of domestic crude oil as does not exceed 3,000 barrels, but the percentage referred to in section 613(a) shall be (in lieu of 22 percent) the percentage determined in accordance with the following table:

"In the case of gross income from the property for the following calendar years:	The percentage shall be:
1975 and 1976	15
1977 and 1978	8
1979 and thereafter	0.

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1), the taxpayer's average daily production of domestic crude oil shall be determined by dividing his aggregate production of domestic crude oil during the taxable year by the number of days in such taxable year.

"(3) BARRELS WITHIN EXEMPTION TO BE DETERMINED ON A PROPORTIONATE BASIS.—If the taxpayer's average daily production of domestic crude oil exceeds 3,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the taxpayer for such year from such property as 3,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the taxpayer for such year.

"(4) BARREL.—As used in this subsection, the term 'barrel' means 42 United States gallons.

"(5) BUSINESS UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) COMPONENT MEMBERS OF CONTROLLED GROUP TREATED AS ONE TAXPAYER.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) AGGREGATION OF BUSINESS ENTITIES UNDER COMMON CONTROL.—If 50 percent or more of the beneficial interest in two or more corporations, partnerships, trusts, estates, or other entities is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the 3,000-barrel-per-day exemption provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil during the period in question by such entities.

"(C) ALLOCATION AMONG MEMBERS OF THE SAME FAMILY.—In the case of individuals who are members of the same family, the 3,000-barrel-per-day exemption provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil during the period in question by such individuals.

"(D) DEFINITION AND SPECIAL RULES.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563(b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(d) NON-APPLICATION OF SUBSECTION (C) TO ROYALTY OWNER OR INTEGRATED PRODUCER.—

"(1) ROYALTY OWNER.—Subsection (c) shall not apply to income derived from a nonoperating mineral interest as defined in section 614.

"(2) RETAILERS EXCLUDED.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(3) REFINERS EXCLUDED.—Subsection (c) shall not apply in the case of any taxpayer where such taxpayer or a related person engages in the refining of oil or natural gas.

"(4) RELATED PERSON.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.".

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 613(b)(1) (relating to 22-percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas wells, to the extent allowable under section 613A;".

(2) The last sentence of paragraph (7) of section 613(b) (relating to 14-percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells.".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on January 1, 1975.

Mr. HOLLINGS. Mr. President, at the outset, I wish to emphasize that our No. 1 priority is the recovery of the economy from the present worsening recession. In terms of bringing the Nation's economy back to health, H.R. 2166 may be the most important legislation the 94th Congress will pass.

In urging repeal of the depletion allowance as part of the tax-cut legislation, I do not intend to jeopardize the tax cut bill. I shall not force unacceptable delays on the Senate, or take any other action that might conceivably derail the economy's recovery from recession.

But I also believe that the Senate now has before it the opportunity to repeal the percentage depletion allowance for oil and gas, the most notorious single loophole in the Internal Revenue Code, and follow, in essence, the action taken by the House.

Over the years, the depletion allowance has become the most visible symbol of tax injustice and special privilege in our revenue laws, a symbol of the greed and profiteering of a private industry that fails to serve the public interest.

The soaring price of oil in the past 2 years has removed any possible justification for retention of the depletion allowance as an incentive to oil exploration and development. Its demise is long overdue and its repeal cannot come too soon.

The Senate can do two things at once. We can deal simultaneously with recession and depletion, and we can deal with them promptly and effectively. We can pass responsible antirecession tax cut legislation to stimulate the economy, and we can deal responsibly with the percentage depletion allowance.

All we ask, Mr. President, is a reasonable opportunity—a matter of a few days' debate on the Senate floor—so that the Senate can work its will.

Two significant recent events have given repeal of the depletion allowance the momentum it needs to insure success.

First, prospects for bringing the issue to a vote improved with our recent modification of the Senate cloture rule.

Second, the action by the House of Representatives in approving an immediate total repeal of the percentage depletion allowance changes the dynamics of H.R. 2166 between the Senate and the House. Without such action by the House, it would have been extremely unlikely that a successful effort to repeal depletion could have happened in the Senate. But now, in light of the strong stand taken by the House, it may well be that the path of least delay is for the Senate to deal with the depletion issue on the tax cut legislation, in order to avoid needless controversy with the House in the conference on the bill.

Further, we also feel that by dealing now with the depletion issue, the Senate can clear the track ahead for other vital legislation during the remainder of this session.

Congress can do a better job on energy, on the budget, on tax reform, and on many other issues once we have settled the perennial and distracting controversy that depletion brings to the House and Senate.

Also, I would note that the $3 billion revenue gain estimated from the proposed amendment can be used to good advantage by the Congress, either by increasing the size of the tax cut, increasing expenditures on high priority programs, or reducing the size of the budget deficit.

BRIEF LEGISLATIVE HISTORY OF THE PERCENTAGE DEPLETION ALLOWANCE

The percentage depletion allowance has haunted the Internal Revenue Code ever since the Federal Income Tax was first enacted, after the adoption of the Sixteenth Amendment in 1913. From the beginning, depletion was controversial.

In 1913, when the income tax was first approved, depletion was limited to cost. But, to avoid the appearance of unconstitutionally taxing pre-1913 income, depletion on pre-1913 wells was allowed to be based on the value of the well in 1913.

In 1918, during World War I, discovery depletion was enacted. That is, depletion was allowed to be based on the value of the well at the time of discovery. Almost always, "discovery depletion" exceeded "cost depletion." Partly, the legislation was a response to the World War I emergency. Partly, it was a response to claims that the 1913 depletion provision discriminated against wells discovered after 1913, by limiting them to cost depletion, when pre-1913 wells were eligible for higher depletion based on 1913 value.

In 1926, the modern concept of percentage depletion was invented, because of the serious practical problems that had arisen in valuing wells and administering discovery depletion. In the legislation enacted that year, the House of Representatives proposed a level of 25 percent for the depletion allowance. The Senate, always more generous to the oil industry even in those early years, set the level at 30 percent. The House-Senate conference agreed on 22½ percent and the figure stayed constant at that level for nearly 50 years.

Then, as part of the Tax Reform Act of 1969, percentage depletion was lowered from 27½ percent to 22 percent—18 percent counting the minimum—the level it has today.

OPERATION OF PERCENTAGE DEPLETION

The operation of the percentage depletion allowance and the massive tax benefits it confers are illustrated by the following example:

	With depletion	Without depletion
Gross receipts from sales of oil	$200,000	$200,000
Cost	120,000	120,000
Net income	80,000	80,000
Percentage depletion (22 percent of gross receipts)	44,000	
Allowable depletion (maximum of 50 percent of net income)	40,000	
Taxable income	40,000	80,000
Tax (48 percent corporate rate)	19,200	38,400

Thus, as a result of the depletion allowance, the taxpayer's tax bill in the example is cut in half.

REPEAL OF THE PERCENTAGE DEPLETION ALLOWANCE

There are at least ten major reasons that justify the outright and immediate repeal of the percentage depletion allowance for major producers, and a phase-out of the allowance for small independent producers.

1. PERCENTAGE DEPLETION IS NOT A NECESSARY TAX INCENTIVE FOR THE HIGH PRICE-HIGH PROFIT OIL INDUSTRY

First, in light of the incredible price and profit picture of the industry, no one can seriously maintain that depletion is still needed as an incentive for oil production. The astronomical current profits of virtually every major oil company in the Nation are well known. These fantastic profits are the direct result of the fantastic recent increases in the price of oil.

There is no current need for a tax incentive like the depletion allowance. The soaring price of oil is enough incentive by itself to stimulate all the additional exploration and production of oil America needs. If price alone is not an adequate incentive for increased domestic production of oil, then far more is wrong with our domestic oil industry than the depletion allowance can cure.

Before the Arab oil embargo in 1973, the price of oil was about $3.50 a barrel. Today, under price controls, the price of "old" oil is fixed at $5.25 per barrel, an increase of 50 percent. And the price of "new" oil, not subject to price controls, is now a phenomenal $10 to $11 per barrel, or triple the price less than 2 years ago.

In fact, the increased price of oil is many times more valuable to the oil companies than the percentage depletion allowance. At $4 a barrel, the oil depletion allowance was worth 22 percent of $4, or 88 cents. Thus, if the price of oil had risen from $4 to "only" $5, the rise would have more than neutralized the repeal of the depletion allowance. Yet the price has actually risen to $10 and beyond, an increase of $6 or more. For the oil companies, therefore, the recent price increase is worth at least seven times the old depletion allowance.

And these enormous price increases are matched by equally enormous increases in profits. For many months, the financial pages of the daily newspapers have been filled with reports signaling the highest profits in history for the Nation's richest oil companies.

The advocates of depletion have traditionally argued that the return on equity for oil is comparable to, or even below, that of other industries. In 1972, for example, return on equity was 9 percent. They claim that repeal of depletion will stop the flow of capital into oil.

But even before the record profits of 1973 and early 1974 began to roll in, the argument was misleading. It relied on the rate of return for all phases of oil operations, not just the production end. In addition, in the pre-1973 era, other measures of profitability besides return on equity showed that oil was doing very well. For example, oil profits were 6.5 percent of sales in 1972, compared to 4.2 percent for all other manufacturing businesses.

After 1973, even the argument based on return of equity does not exist any more. Profits for 1973 were the highest in the history of the oil industry, with return on equity increasing from 9 percent in 1972 to 15 percent for 1973, far above the average for other industries. Preliminary estimates for 1974 indicate that the return on equity is likely to jump even higher, to a phenomenal 19 to 20 percent.

Moreover, as recent news reports make clear, some of the largest oil companies are at a loose end over what to do with their bloated profits. A year ago, we read that Gulf Oil was negotiating to buy Ringling Brothers Circus. Last June, we learned that Mobil Oil was negotiating to buy Montgomery Ward, the general department store chain, a deal that became final later in the year.

How can Congress stand by, while the hard-earned tax dollars of millions of ordinary taxpayers in the Nation flow into oil company treasuries in the form of handsome tax subsidies for depletion, and then flow back out again—not into exploration for oil as Congress intended, not into production of oil to help America meet its energy crisis, but into outside investments in things like circuses and general department stores?

2. DEPLETION IS AN INEFFECTIVE INCENTIVE FOR DRILLING AND DEVELOPMENT

Second, the percentage depletion allowance is an extremely ineffective incentive, as the following points make clear:

Because depletion is based on oil production, it encourages drilling in known oil reserves and pumping from existing wells, rather than exploration and development of new resources. It stimulates over-drilling of existing fields. It puts wildcatting and new exploration at a disadvantage. Only 1 out of every 10 exploratory wells strikes oil; as a result, depletion benefits only one-tenth of the most risky but most necessary drilling.

Also, excessive drilling can damage overall production from an oil field, because too many wells sunk in the same field can reduce the pressure that forces oil to the surface, and make the operation of the entire field less efficient.

The problem of the depletion-induced bias toward production instead of exploration is compounded by the shortage of equipment. Even those who want to explore for oil have trouble obtaining scarce material and drilling rigs, because the equipment, already in short supply, tends to be diverted to "safe" oil production and is unavailable for "risky" exploration.

A more effective tax incentive for exploration than depletion is the intangible drilling deduction, which allows an immediate tax write-off for the costs of drilling and development. In the case of other businesses, such costs would be required to be capitalized and depreciated over the life of the asset. But in the case of oil, such expenses can be taken as an immediate tax deduction.

The intangible deduction is obviously more efficient than depletion in encouraging additional drilling. So long as depletion is available, oil producers are able to enjoy its benefit, even though they do no additional drilling at all.

Experts estimate that more than half the tax benefit of depletion goes, directly or indirectly, to landowners, not to oil producers. Landowners get depletion on their royalty income. They also get higher prices for leasing their land, because the availability of the depletion allowance encourages producers to bid the value up. Yet, the landowners do no drilling and take no risks. To the extent that tax benefits from depletion go to landowners, the benefits are wasted, since they do not attract new capital for oil.

As noted above, the availability of the depletion allowance encourages oil drillers to bid up the value of leases and other acquisition costs. To the extent such costs increase, the incentive value of depletion is negated.

Also, the depletion deduction is based on gross receipts from an oil well, not the cost of production. The tax benefit is the same for low cost oil as it is for high cost oil. As a result, the percentage depletion allowance discourages drillers and explorers from engaging in any but the lowest cost ventures.

Since the amount of the percentage depletion allowance is limited to 50 percent of the taxpayer's net income from oil production, there is an additional disadvantage for marginal wells and high cost oil production, such as stripper wells, for which the full benefits of depletion may not be available. Again, the result is to divert scarce resources in the search for oil into low cost drilling in known reserves, where the depletion payoff is the highest, and where the 50 percent-of-income limitation does not come into play.

The tax benefits of depletion increase as the price of oil increases. Since the price has tripled in the past year, the tax break from depletion has also tripled. That is the sort of irrational "upside-down" tax incentive that only Alice in Wonderland can understand. A rational incentive would reduce the subsidy as the price goes up, because the subsidy is needed less.

The well-known CONSAD study, prepared for the Treasury in 1969, concluded that depletion was costing America's taxpayers $1.4 billion a year at that time, but was increasing oil reserves by only $150 million a year. Today, if anything, the discrepancy is even greater. Rarely has the American taxpayer had a poorer bargain or been more badly served by a specific section of the Internal Revenue Code.

3. DEPLETION IS AN UNDESERVED TAX WINDFALL FOR A LOW TAXPAYING INDUSTRY

Third, the depletion allowance is an undeserved tax windfall for oil companies that have long been notorious for the low effective rate of taxes they pay.

For large corporations, the tax rate specified in the Internal Revenue Code is 48 percent. But as the following table indicates, the average effective tax rate for some of America's largest oil companies is only about 5 percent and 6 percent:

Federal income tax rate paid by largest oil companies 1974

(Source: U.S. Oil Week computations based on company annual reports and SEC reports)

	Percent
Exxon	6.5
Texaco	1.7
Mobil	1.3
Socal	2.05
St. Ind	10.2
Shell	21.6
Gulf	1.2
Arco	3.7
Phillips	12.9
Conoco	8.2
Sun	13.2
Union	6.4
Cities Svc	8.3
Getty	22.5
Marathon	7.5
Ashland	32.4
Std. Ohio	12.8
Kerr-McGee	23.3
Amerada Hess	7.5
Average	5.99

In the current state of high profits and low taxes, it is only crocodile tears that can legitimately be shed by the oil companies when the percentage depletion allowance passes from the scene.

The issue is a clear one—it is whether oil millionaires and even oil billionaires are going to continue paying little or no Federal income tax at a time when the average American is being asked not only to pay ever higher taxes, but is also being asked to pay large new taxes and tariffs on oil.

To us, it is time the oil millionaires paid their fair share of taxes, and the amendment we propose is a major step in the right direction.

4. DEPLETION IS AN EXPANSION TAX BENEFIT COMPARED TO DEPRECIATION

Fourth, even on its own terms, the percentage depletion allowance is an excessively generous tax advantage. Depletion is often justified as oil's analogy to depreciation. But nothing limits depletion to the value of the oil that is actually being depleted. Year after year, 22 percent depletion is available, so long as a well is producing oil.

At the 22 percent level of depletion, experts estimate that oil companies recover the cost of a producing well 15 times over. In other industries, where normal depreciation applies, a business is limited through depreciation to one and only one recovery of the cost of its investment in its assets.

But when it comes to oil, the tax laws are far more generous. Only in the case of percentage depletion is a business entitled to deduct an amount greater than its actual costs.

We know what Congress would say if for example, the real estate industry sought a tax advantage to allow depreciation 15 times on the same building. But year after year, Congress accepts that principle of multiple depreciation for the benefit of the oil industry.

5. DEPLETION DISTORTS THE ECONOMICS OF OIL

Fifth, the percentage depletion allowance distorts the economics of the oil industry by attracting massive investments purely for tax shelter purposes, and not necessarily for serious oil production or exploration. Each year, millions of investment dollars are funneled into questionable schemes for oil, of value largely because they mean huge tax advantages for wealthy doctors, dentists, lawyers, corporate presidents and other high bracket taxpayers looking for tax shelters.

Often, such schemes promote uneconomic ventures into oil, because the investors are more interested in tax losses to shelter other income than in a profit from the oil. In a real sense, they are drilling for tax deductions instead of drilling for oil.

These tax shelter programs are widely syndicated on a national basis. Frequently, their nonbusiness motives cause serious competitive disadvantages for legitimate oilmen who have to make a profit on their operations, who cannot be content with just a tax shelter for their wealthy patrons.

6. OIL DEPLETION IS DISCRIMINATORY AGAINST OTHER ENERGY SOURCES

Sixth, depletion is a highly discriminatory incentive in favor of oil, to the disadvantage of other energy sources. Calculated on the basis of the delivered price of each fuel, the tax benefits for various types of energy are estimated as follows:

For oil and gas: 13 percent of price.
For coal: 4 percent.
For oil and gas from coal: 1 percent.
For solar energy: 0 percent.

This sort of tax discrimination is hardly a sensible long-run energy policy for the Nation. It is nothing more than a vast welfare program for oil producers and oil landowners, to the detriment of our national search for alternative energy sources.

7. DEPLETION GIVES AN UNFAIR ADVANTAGE TO INTEGRATED PRODUCERS

Seventh, depletion encourages integrated oil producers to keep their prices high, at the expense of independent refiners and manufacturers of petroleum products, whose profit margins are thereby squeezed because of the high price of oil at the start of the production chain.

Most of the major oil companies are vertically integrated firms. They have an unfair competitive advantage, since they do not care which stage in the production of petroleum products generates their basic profits. In fact, the top 20 integrated firms now control 94 percent of known domestic oil reserves. In effect, the integrated firms are selling crude oil to themselves at artificially high prices, and thereby driving independent refiners and manufacturers out of business.

8. DEPLETION IS AN EXCESSIVE STIMULUS TO FOREIGN OIL PRODUCTION

Eighth, because depletion is also available for foreign wells overseas, it encourages corporations to drill for oil abroad. Today, many of the tax benefits of depletion go to foreign operations. So long as the depletion incentive remains available for foreign oil, it is functioning in a way that is directly contrary to the goal of America's own energy independence.

9. PHASEOUT OF DEPLETION FOR SMALL INDEPENDENT PRODUCERS

Ninth, the phaseout of the depletion provided in our amendment for small independent producers—those producing 3,000 barrels a day or less—offers a generous transition over a lengthy period of time before the depletion allowance finally terminates in 1979.

To a large extent, the prevailing notion of the small independent producers is a romantic fiction. Often, they are very wealthy persons. Some are millionaires. Many pay no taxes at all, even though their revenues from oil runs into tens of millions of dollars and their operations are immensely profitable.

In these circumstances, it is clear that large numbers of independents hardly qualify as "small" producers or poverty-stricken entrepreneurs—3,000 barrels a day of $10 oil translates into gross income of $12 million a year. The 22 percent depletion deduction on this amount yields a tax deduction of $2.6 million a year.

The independents have benefitted from the oil price rise just like the majors. Actually, they have received an even greater benefit. Because of their larger share of stripper oil, whose price is uncontrolled, they have a proportionally larger share of uncontrolled oil than the majors, and their depletion benefits are correspondingly enhanced. As a result, although the average price of oil for the major producers is about $7.50 a barrel—"old" and "new"—the average price for independents is about $8.80.

In fact, as a group, the independent producers appear to be doing even better today in terms of high profits than the major producers. A recent random survey of 28 small publicly owned U.S. oil and gas producers showed an estimated average return on equity of 26 percent in 1974, compared to an estimated return of "only" 20 percent for the major producers.

We believe that a phase-out for independents is the right approach for Congress to adopt and that a permanent exemption for independents would be unjustified.

To this extent, we appear to be in agreement with the administration. Although the Treasury does not favor repeal of the percentage depletion allowance, it is on record in opposition to a permanent exemption for small producers. As Secretary Simon told this committee last June:

> If [percentage depletion] is to be eliminated, it is difficult to justify non-uniformity in treatment of producers, except on a transitional basis.

In the past, the proponents of the depletion allowance have argued that repeal of depletion will unfairly put many small independent oil producers out of business. That argument made more sense 2 years ago, when oil was selling at $3.50 a barrel. Many independent drillers were going out of business.

But, with new oil now at $10 or $11 a barrel, a major boom is clearly on for the independents. They will not miss a stride if depletion is repealed, especially under the lengthy phase-out provided by the amendment we propose. Price is all the incentive they really need, and the transition period gives them ample time to adapt to a world without depletion.

In addition, the transition period will avoid many of the serious difficulties that may arise if a permanent exemption for small producers is enacted. As the Treasury and many other experts have pointed out, the existence of a permanent 3,000 barrel a day exemption would encourage a variety of artificial, complex and non-economic transactions between large and small producers as they try to arrange their operations to come within the terms of the exemption.

Some experts including the Treasury, have suggested that, if a permanent exemption is granted to independents, the oil producers will eventually rearrange their patterns of ownership to qualify almost all production for the exemption.

The history of the use of the investment credit by the airline industry is a case in point. When the low-profit situation of the industry left the airlines unable to use the credit, a widespread practice of airplane leasing grew up, in which the airlines leased the planes from banks and other lessors who could use the tax benefits of the investment credit.

If the exemption is phased out over a transitional period, however, the incentive to engage in such arrangements will be minimized, since the arrangements themselves will be of only passing, not permanent, benefit.

But the primary justification for a transitional, nonpermanent exemption for independents is the extremely attractive economic picture for all oil producers, large and small alike.

The only real limit now on the independents is the shortage of steel and drilling rigs and other oil equipment. In fact, the price incentive is so strong that for many independents, the gradual phaseout in our proposal will itself be a handsome tax windfall over the next 4 years.

The June 1974 issue of Fortune magazine makes the point. An article entitled "The New Oil Rush in Our Own Backyard" opens with the following paragraph:

> These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship, spectacularly higher prices for oil and gas have suddenly thrust the independents into a new prosperity.

A December 2. 1974 article in Barrows Financial Weekly describes the independent's advantageous position as follows:

> At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.

Capital for independents is gushing in today from many sources. It comes in part from the larger cash flow brought about by higher prices. It comes from private investors. It comes from capital raised through publicly held drilling funds. It comes from syndicated tax shelters. It comes from corporations anxious to nail down their own future energy sources, major corporations like Bethlehem Steel, Dow Chemical, and DuPont.

Compared to the strong new incentives that now exist for independents, the repeal of the depletion allowance is not a significant problem in their future.

10. PRICES PAID BY CONSUMERS

Finally, those who support the depletion allowance occasionally argue that repeal of depletion may raise the cost of gasoline to consumers at the pump, possibly by as much as 3 cents a gallon. In this time of deep recession, we should not lightly take a step that could drain substantial consumer purchasing power from the economy.

But the price increase estimate assumes that the oil companies will pass along the full loss of the depletion loophole to consumers. But all of that loss can and should be absorbed by the oil industry's enormous profits. Not a penny need be passed through to the American consumer, and oil profits would still be out of sight.

In addition, the calculation assumes a 48 percent effective tax rate on oil profits. But, as we have noted, the effective tax rate on America's major oil companies is far lower, only about 5 percent or 6 percent. Therefore, even if the cost of the repeal of depletion is fully passed through to the consumer, the increase at the pump would be more like one-third of a cent a gallon, hardly a significant factor at today's 55 to 60 cents a gallon prices.

Further, the price of oil in the United States today is set largely by the OPEC nations, not by U.S. oil producers. Since repeal of the depletion allowance will not increase the price of imported oil, the repeal will not affect the price of U.S. oil. Thus, percentage depletion does not produce lower prices for American consumers. Its retention is simply a further tax windfall for oil producers.

In any event, the administration is in no position today to suggest that depletion repeal will increase prices to consumers. The administration's own energy program calls for large oil price increases to consumers—much larger than could be caused by any possible effect of the repeal of percentage depletion.

CONCLUSION

Whatever the merits of depletion when it was first enacted half a century ago, there is no justification for the enormous tax windfall that it confers today on some of the Nation's wealthiest corporations.

No one likes to lose a tax loophole. In this limited sense, the arguments raised on behalf of the percentage depletion allowance are understandable. But we find them unacceptable. The Senate can vote for repeal of depletion, with full confidence that each independent and every other oil producer in the Nation has all the incentive he fairly needs to explore and drill for oil.

In America in 1975, oil is a very profitable business. The depletion allowance is no longer wise or needed, and the Senate will be fully justified in voting to repeal it.

Now, Mr. President, I would like to emphasize certain features of the depletion repeal amendment.

A. Repeal of percentage depletion allowance for large producers:

Current law allows 22 percent depletion of gross income from oil or gas wells, with a ceiling on the deduction of 50 percent of net income from the property.

First. Repealed as of January 1, 1975, for most domestic and all foreign production of oil and natural gas. After January 1, 1975, depletion must be computed on a cost basis.

Second. Exemption for fixed price contracts for domestic natural gas as of February 1, 1975, if no price increase is permitted to reflect the repeal of depletion.

Third. Exemption for "regulated" domestic natural gas (i.e. interstate natural gas regulated by the FPC) produced and sold before July 1, 1976, if no price increase is permited after February 1, 1975 to reflect the repeal of depletion.

B. Exemption for independent producers—phase out of percentage depletion allowance over a 5-year period:

First. Percentage depletion is retained but gradually phased out for the first 3,000 barrels per day of domestic crude oil production. The percentages are reduced from 22 percent, as follows:

	Percent
1975–76	15
1977–78	8
1979 on	0

Second. For taxpayers whose production exceeds 3,000 barrels per day, the exemption is apportioned pro rata to each of the taxpayer's producting properties.

Third. Limit to one 3,000 barrel a day exemption to members of the same family or to businesses under common control.

Fourth. No exemption for royalty owners.

Fifth. No exemption for integrated producers (those involved in retailing or refining).

Sixth. Estimated annual revenue effect—

	Million
1975 and 1976	$165–175
1977 and 1978	250–300

Seventh. Of the approximately 10,000 U.S. petroleum producers, the exemption will be available to all but about 124 producers, and will cover approximately 17 percent of current U.S. production.

C. Net revenue gain from amendent: $2.5 billion in 1975; $3 billion in 1979.

Mr. President, I ask unanimous consent that this entire fact sheet be printed in the RECORD.

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

FACT SHEET: HOLLINGS-KENNEDY-MAGNUSON DEPLETION REPEAL AMENDMENT

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4. No exemption for royalty owners.

5. No exemption for integrated producers (those involved in retailing or refining).

6. Estimated annual revenue effect—$250–300 million in 1975 and 1976; $165–175 million in 1977 and 1978.

7. Of the approximately 10,000 U.S. petroleum producers, the exemption will be available to all but about 124 producers, and will cover approximately 17% of current U.S. production.

C. Net revenue gain from amendment:

$2.5 billion in 1975.

$3 billion in 1979.

FACT SHEET: A PERMANENT EXEMPTION FOR INDEPENDENTS IS UNJUSTIFIED

A. An independent exemption would exclude a great deal of oil production. A simple 3,000 bbl per day exemption would:

(1) Exempt 1,095,000 bbls per year for each producer, both large and small (3,000 bbls x 365 days)

(2) Exempt companies with revenues ranging from $8,200,000 to $12 million (1,095,000 bbls x $7.50 average U.S. price=$8,200,000; 1,095,000 bbls x $11 bbl price of uncontrolled oil=$12,000,000).

(3) Exempt up to $1,800,000 of taxable income per year for each producer (1,095,000 bbls x $7.50 average price=$8,200,000; $8,200,000 x 22%=$1,800,000).

(4) Exempt from 15–30% of present U.S. production.

(5) Exempt all but 124 of the 10,000 U.S. petroleum producers. Only 124 producers exceed 3,000 per day. (A 1,000 bbl per day exemption would exempt all but approximately 324 producers).

B. Small producers do not need percentage depletion to survive because their profits are higher than those of the majors.

(1) Until recent price hikes, depletion seldom exceeded 77 cents per bbl. ($3.50 x 22%)

(2) Presently U.S. prices average approximately $7.50 per bbl. This price increase of more than $3 per bbl over-compensates for the loss of depletion by several hundred percent. If prices are decontrolled, prices will approach $11 per bbl.

(3) The independents are getting higher prices for their oil than are the majors. Their average price is actually about $8.80 rather than $7.50. Roughly 75% of the oil sold by independents is free of price controls and thus sells for $10 or $11 per bbl. (80% of the sales of majors are controlled). For many independents, the pretax revenues from price hikes to $11 may be as much as ten times greater than former depletion benefits.

(4) If there is any increase in oil prices because of depletion repeal for the majors, the independents will receive a similar price—even though they also retain depletion benefits—thereby receiving a double windfall.

C. Depletion repeal will not cause independents to sell out to the majors.

(1) The simple economics of oil production make it obvious that there is no added incentive to sell out. Companies that were in business profitably when oil sold for $3.50 pbl will not be squeezed out at $8.80 pbl, or better, just because they lose depletion which was only worth 70 cents pbl.

(2) Oil producers can elect to sell their properties to take advantage of lower capital gains rates rather than pay ordinary corporate rates on future production income if they stay in business. They are in essentially the same position as any other businessmen who can save by selling their corporations' stock at capital gains rates.

(3) The independents will, regardless of corporate ownership, continue to sell their production at the wellhead to refiners, most of whom are majors. The majors' control of the overall market will therefore be the same as it always has been.

(4) Oil producers allege they are more inclined to sell out than other businessmen because oil properties sometimes have a measurable and limited useful life. That argument overlooks the fact that by selling, they will lose the right to participate in any future price rises or in the benefits possibly resulting from technological breakthroughs in secondary recovery methods.

(5) Illustrate examples used by the independents assume the majors will be willing to pay a premium price today for future production. However, this is not likely. The premium depends on their theoretical ability to take rapid cost depletion write-offs. However, rapid write-offs will be available only where production is rapidly declining and the majors have, in fact, not found such properties worthwhile. They generally operate only fields with long productive lives.

(6) There is no indication that if there are corporate sales, they will be to the majors rather than to other independents.

D. Small producers do not need depletion to attract capital for expanded drilling.

(1) A survey of 75 small over-the-counter and American Exchange listed corporations primarily engaged in North American crude oil and gas extraction showed that in 1974 they earned a return on equity capital which averaged around 23% (as compared with the 1974 average of 14% for all manufacturing industries.)

(2) These companies posted profit gains equal to or exceeding the major international companies. They have not been affected by the recent levelling-off of earnings reported by the international companies which has been largely due to significant accounting changes as well as increases in OPEC prices and taxes.

(3) These profits and rates of return have been computed after taking into account the cost of drilling dry holes. Obviously, profits from successful wells have compensated for the risk of dry holes. Investors require no additional incentive.

(4) Industry expansion has been hindered by shortages of field equipment and steel tubing and by appropriate environmental limitations, rather than by capital shortages.

(5) The industry will retain the unique advantage of the intangible drilling deduction which allows an immediate deduction for about 70% of the cost of successful wells and 100% of the cost of drilling a dry well. Due to the combination of dry hole deductions and intangible drilling deductions, an estimated 90% of an independent's capital expenditures are written off immediately, unlike other industries, which must rely on periodic depreciation write-offs. Also, the investment tax credit is available on pumping equipment.

E. Depletion does not encourage exploratory drilling.

(1) Because depletion only applies to revenues from producing wells, it encourages producers to drill excessively in proven fields (where the 22% subsidy is assured) and refrain from wildcatting. If depletion is repealed, incentive to over-drill existing reserves will be reduced. Repeal will therefore encourage increased exploration for new oil reserves.

(2) The high price of oil is the real incentive to drill.

(3) The most important tax incentive keyed to exploratory drilling—the deduction for intangible drilling expenses—will remain. Since this deduction relates directly to the costs of drilling and exploring, it is a more efficient incentive than the depletion allowance. This huge deduction is valuable in sheltering production and investment income, and provides ample incentive for drilling.

F. An independent exemption, no matter how restrictively defined, will be expanded in actual use far beyond the present projections.

(1) When the Treasury Department testified against an independent exemption, it stated that producers can be expected eventually to rearrange oil ownership to bring nearly all production under an independent exemption.

(2) Producers will emulate the airlines, who benefit from excess investment tax credits by leasing their planes from banks which have more tax liability and therefore can utilize the credit.

(3) The major companies can be expected to invent complex sale and buy-back arrangements with third parties, who will agree to indirectly pass through depletion benefits to the majors. According to Treasury officials, they can also use intricate lease-swapping arrangements to stay within the exemption.

(4) There is no simple way to define a "producer" to solve the problem of joint ventures.

(5) The exemption will increase the scope of existing tax abuses by high bracket doctors, lawyers, executives, celebrities, and others through highly profitable tax shelter arrangements.

(6) The exemption leaves virtually all of the high bracket oil producer partnerships with the tax benefit. The elimination of percentage depletion, if accompanied by the 3,000 BPD exemption, would eliminate the tax shelter only for taxpayers in low brackets. That would eliminate everything but the loophole.

CONCLUSION

At best, a permanent exemption for independents would represent an attempt at subsidizing those few marginal and inefficient producers who cannot survive despite price hikes of several hundred percent. At worst, it would confer additional and unjustified windfalls on the vast majority of independents.

The Treasury has consistently opposed a permanent exemption. In particular, the Treasury fears that a permanent exemption will (1) introduce a major distortion into oil

production; (2) encourage producers to rearrange ownership; (3) increase the use of the depletion allowance as a tax shelter for wealthy doctors, lawyers, and others; and (4) cost the Treasury a great deal of revenue.

Exempting independents attacks the very reason for repealing depletion. Independents are getting the biggest windfalls. Like the majors, they no longer deserve or need this subsidy. In essence, the case for the independents is based on greed, not need.

U.S. DOMESTIC PRODUCTION 1974

Daily production BPD	Number producers	Percent production	Total production (million barrels per day) Controlled	Exempt	Total
Over 3,000	124	83.0	5.91	3.05	8.97
2,000 to 3,000	48	1.2	.06	.07	.13
1,000 to 2,000	152	2.3	.09	.14	.25
Under 1,000	9,700	13.5	.37	1.09	1.46
Total		100.0	6.48	4.32	10.80

HOW SMALL ARE THE INDEPENDENTS?

Barrels per day	Gross receipts per year ($10 per barrel)	Value of 22 percent depletion write off
1	$3,650	$803
5	18,250	4,015
10	36,500	8,030
50	182,500	40,150
100	365,000	80,300
300	1,095,000	240,900
500	1,825,000	401,500
1,000	3,650,000	803,000
3,000	10,950,000	2,409,000

Note: Percent of U.S. businesses with gross receipts of $5,000,000 or more a year equal 0.2 percent.

OIL PRICES, OIL DEPLETION, AND OIL PROFITS

Price per barrel	Percentage depletion (billions)	Value of after-tax windfall without depletion (billions)	Total windfall (billions)
$3.50	$1.067		
$4.00	1.235	$1.023	$2.258
$5.00	1.570	3.069	4.639
$6.00	1.752	4.180	5.932
$7.00	1.883	4.980	6.863
$8.00	2.014	5.780	7.794
$9.00	2.145	6.579	8.724
$10.00	2.276	7.379	9.655
$11.00	2.407	8.179	10.586

Basis: $3.50 per barrel base price, 25 percent effective tax rate, no price decontrol.

OIL PROFITS RETURN ON EQUITY—PERCENT INCREASE 1974

	Percent
5 international companies	50.2
16 integrated domestic companies	96.1
11 nonintegrated independent producers	122

MAJOR OIL COMPANIES NET INCOME AFTER TAX

[Dollars in millions]

Company	1973	1974	Percent increase
Exxon	$2,443.0	$3,140.0	28.5
Texaco	1,292.4	1,588.4	22.8
Mobil	849.3	1,040.1	22.5
Standard, California	843.6	970.0	15.0
Standard, Indiana	511.2	970.3	89.8
Shell	332.7	620.5	86.5
Phillips	230.4	402.1	74.5
Union	180.2	188.0	59.8
Standard, Ohio	74.1	147.5	99.1
Gulf	800.0	1,065.0	33.1
Sun	230.0	378.0	64.3
Continental	242.7	327.6	35.0
Amerada Hess	245.8	201.9	(—)17.9
Arco	270.2	474.6	75.
Getty	142.2	281.0	97.
Occidental	71.9	280.7	290.

INDEPENDENT PRODUCERS

Company	Production BPD	1974 revenues (millions)	Percent Return on equity	Tax rate
Adobe	6,600	$15.0	25.0	14
Aberdeen	(1)	1.0	9.0	0
Austral	2,700	17.0	17.0	0
Amarex	(1)	9.0	24.0	0
Apexco	4,600	17.0	25.0	NA
Argo	(1)	12.0	30.0	0
Baruch	(1)	1.7	20.0	0
Basin	(1)	23.0	50.0	0
Buttes	5,500	33.0	27.0	0
C and K	(1)	9.0	17.0	0
Consolidated	3,400	18.0	12.0	0
Coquina	3,700	7.0	75.0	0
Damson	(1)	8.0	12.0	0
Eason	4,800	21.0	20.0	10
Equity	2,000	7.5	30.0	10
Felmont	5,500	23.0	15.0	NA
Hamilton	2,800	17.0	12.0	NA
Houston	3,100	40.0	75.0	0
Hudson Bay	(1)	160.0	30.0	12
Mitchell	3,300	75.0	32.0	0
Noble	(1)	84.0	19.0	NA
North Am	(1)	62.0	15.5	5
Numac	(1)	4.8	10.0	NA
Patrick	2,100	32.0	21.0	0
Petro. Lewis	5,300	11.0	15.0	0
Prairie	(1)	1.6	10.0	0
Pan. Can	(1)	120.0	36.0	10

[1] Less than 3,000 BPD.

QUOTATIONS ON THE INDEPENDENT OIL EXEMPTION

These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship, spectacularly higher prices for oil and gas have suddenly thrust the independents into a new prosperity.—"The New Oil Rush in Our Own Backyard," Fortune Magazine, June 1974.

At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.—"Project Independence: Domestic Crude Producers Stand to Profit from It," Barron's Financial Weekly, December 2, 1974.

To be 85% self-sufficient in 1980, you would need a crude oil price of $4.10.—Testimony of Tom B. Medders, Jr., President, Independent Petroleum Association of America, Senate Interior Committee Hearings, August 9, 1972.

I would like to clarify one matter. The many variables and assumptions involved in supply/price relationships make it impossible to predict precisely what price will be required to bring forth any particular level of supply.—Testimony of John C. Miller, President, Independent Petroleum Association of America, Senate Interior Committee Hearing, February 1, 1974.

You have asked that we address specifically the 3,000-barrel-per-day exemption from the phaseout of percentage depletion. I have already indicated that we do not favor elimination of percentage depletion. If it is to be eliminated, however, it is difficult to justify nonuniformity in treatment of producers, except perhaps on a transitional basis. Further, to make the 3,000-barrel-per-day exemption meaningful, there have to be complex rules which prevent the same economic unit from having the benefit of more than one 3,000-barrel-per-day exemption. These rules can never work perfectly and some people are not penalized who should be and, what is even worse, others who should not be affected at all are penalized.—William E. Simon, Secretary of the Treasury, Senate Finance Committee Hearings, June 5, 1974.

In my judgment, Congressman Wilson and his troops could have won on their side if they had not tried to make that amount that would be exempt large enough so it would include some very substantial independents. If they had kept it down to where you were talking about no more than, perhaps a million dollars worth of oil, with regard to where the depletion allowance would have been about $220,000, I think they would have had a pretty good chance. In fact, they would have probably prevailed on the House side. So, there is sentiment on both sides for something like that.—Senator Russell B. Long, Baton Rouge TV and Newspapers Interview, March 7, 1975.

There is going to be a strong push for an exemption of a million barrels a year [3,000 barrels a day] for "small" producers. Even the fact that this exemption is taken seriously is an indictment of our legislative process. It is simply money talking. At an average price of $8.50 a year (about 75% of the oil produced by independents is uncontrolled and thus sells at a higher average price), this means that percentage depletion would be preserved with respect to the first $9.5 million on oil income, and the deduction for percentage depletion would total more than $2 million. This is not defensible as small business relief. The tax law has some general relief provisions for small business, such as the corporate surtax exemption of $25,000 (raised to $50,000 by the tax cut bill). In no other industry do we provide small business benefits keyed to such enormous incomes. Why is the U.S. Senate seriously considering such a rule as one that retains percentage depletion for million-barrel drillers? The answer must be that there is enough money in this so that enormous pressure is being put on some senators.—"Depletion and Politics: Buying Off the Independents," Tax Notes, March 17, 1975, by Gerald M. Brannon, Research Professor, Georgetown University; former Director, Office of Tax Analysis, Treasury Department.

That's a windfall if ever there was one. Some Congressmen have built up an emotional case about the little man. Hell, some of these people are millionaires.—Fred C. Hickman, Ass't. Secretary for Tax Policy, Treasury Department, House Ways and Means Committee, April 2, 1974.

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

REPEAL OF OIL DEPLETION ALLOWANCE

Mr. RIBICOFF. Mr. President, the time has come to repeal the oil depletion allowance once and for all. I strongly support the amendment which repeals depletion for the major companies effective January 1, 1975, and phases it out for the independents.

In short, the oil depletion allowance today is a costly, inefficient, and unnecessary windfall to the oil industry.

Today our tax laws permit taxpayers with oil and gas income to deduct from their net income 22 percent of their gross receipts in determining their taxable income. This will cost the American taxpayer $2.5 billion in taxes this year which will go into the coffers of the oil industry rather than into the Treasury.

OIL COMPANY PROFITS AND TAXES

Oil companies are making record profits and paying the lowest taxes of any American industry. Let us look at the record.

As an industry, the 19 largest oil producers paid an effective U.S. tax of 6 percent in 1972 and 6.5 percent in 1973. The return on equity for the industry

those years rose from 8.6 to 15.9 percent. The rough estimates for 1974 show the return on equity will be around 20 percent. In fact a survey of 75 independents showed an average rate of return of 25 percent. Major companies are reporting lower returns because of an accounting change—from FIFO to LIFO—which reduced their paper profits on oil already held in reserve.

Oil companies posted record profits for 1973, up 53 percent from 1972, and profits for 1974 have soared even higher. The 12 largest oil companies showed an average increase of 53 percent in their estimated profits.

As the following chart indicates, the earnings per share of the major companies are up dramatically:

Company name	1972	1973	1974 (estimate)	1973–74 percent increase
Arco	3.31	4.95	10.30	108.0
Exxon	6.82	10.91	13.90	27.4
Continental	3.37	4.79	6.85	43.0
Cities Service	3.71	5.05	8.00	58.4
Southern California	3.22	4.97	5.65	13.7
Standard Oil of Indiana	2.68	3.66	7.05	92.6
Texaco	3.27	4.75	6.10	28.4
Shell	3.86	4.94	8.70	76.1
Royal Dutch	3.02	7.95	11.25	41.5
Mobil	5.65	8.34	11.75	49.3
Gulf	2.15	4.11	5.20	26.5
Southern Ohio	1.65	2.04	3.50	7.15
Average				53

In 1973, for example, before tax profits from oil production amounted to $4.7 billion. The tax under present law amounted to $700 million, leaving an after tax profit of $4 billion. If the depletion allowance is repealed effective January 1975, the oil companies will still realize an after tax profit of $6.6 billion—somewhat lower than the 1974 windfall profits but much higher than in previous years.

I include a chart showing the profit and tax picture of the oil industry before and after repeal of the depletion allowance at this point in the RECORD:

[In billions of dollars]

	1973	1974	1975	1976	1977	1978	1979
Before tax profit from oil production	4.7	10.6	11.3	12.0	12.7	13.5	14.8
Tax under present law	.7	1.6	1.7	1.8	1.9	2.0	2.2
Additional tax from repeal of depletion as of January 1975		0	3.0	3.2	3.5	3.7	3.8
After-tax profit	4.0	9.0	6.6	7.0	7.3	7.8	8.8

In short, the oil industry will continue to make large profits, even after repeal. Every individual and corporation must pay its fair share of taxes. The corporate tax rate is 48 percent. But because of loopholes such as the oil depletion allowance, the average effective tax rate for the lowest major oil companies in 1974 was 5.99 percent. This is one-third the rate at which most working Americans pay their taxes.

I include a chart indicating the effective tax rates of the major oil companies at this point in the RECORD:

FEDERAL TAX RATES PAID BY LARGEST OIL COMPANIES—1974

Company	Percent	Company	Percent
Ashland	32.4	Conoco	8.2
Kerr-McGee	23.3	Amerada Hess	7.5
Getty	22.5	Marathon	7.5
Shell	21.6	Exxon	6.5
Sun	13.2	Union	6.4
Phillips	12.9	Arco	3.7
Standard of Ohio	12.8	SoCal	2.0
Standard of Indiana	10.2	Texaco	1.7
Cities Service	8.3	Mobil	1.3
		Gulf	1.2

Note: average 5.99 percent.

Source: "U.S. Oil Week."

The tax picture for the independents is the same as for the majors. The independent producers are not overtaxed as the following random sampling of independents indicates:

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCTS

	Gross revenues (millions)			Earnings per share		Return on shareholder equity [1]		Percent tax rate 1973 [2]
	1972	1973	[1] 1974	1972	1973	1974	1974 (percent)	
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0
Hudsons Bay & Gas	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy & Develop	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
Numac Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petrol Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prarie Oil Royalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] Estimate.

[2] 1973 latest available year.

NA—not available.

Source: Standard & Poor's Stock Reports.

INEQUITY OF THE OIL DEPLETION ALLOWANCE

The oil depletion allowance was enacted in 1926 to allow oil companies to take a deduction for the cost of the finite supply of oil that was being used up. The percentage depletion allowance, however, enables its beneficiaries to recover their costs as many as 15 times over. This is in contrast to the depreciation rules applicable to any other business which limits its cost recovery to once and once only.

One of the greatest inequities in the depletion allowance is that the higher the price of oil, the higher the Federal subsidy.

In 1973, the average price of oil was $3.90 per barrel. Today that oil is selling for an average rate of $7.50 per barrel. The current price, caused by shortage and market pressures, has given the oil industry a windfall profit of $3.60 per barrel. In fact, the after tax profits of the oil industry will add up to an estimated $9 billion—more than double the 1973 record profits of $4 billion.

As prices rise, the benefits of depletion rise because the deduction is a flat percentage of income. Thus, oil companies get it both ways—as they demand higher and higher record profits on one side, their tax subsidies increase proportionately on the other. The depletion allowance cost the Treasury $1.7 billion in 1972 which rose to an estimated $2.6 billion in 1974, and this year will probably cost more than $3 billion.

OIL DEPLETION ALLOWANCE—ECONOMICALLY UNJUSTIFIED AND NO INCENTIVE TO EXPLORE

If the oil depletion allowance was designed to encourage exploration and drilling, it was designed poorly and ineffi-

ciently and is economically unjustified in today's oil economy.

That portion of the depletion allowance which goes to domestic oil producers does not encourage exploration.

Since only 10 percent of the exploration wells strike oil, depletion benefits only a small portion of the high-risk drilling.

Oil companies prefer to spend money drilling in existing oil fields to be certain of receiving the oil depletion subsidy. The main effect of the allowance is to encourage overdrilling in known oilfields. A producer can use the allowance to wipe out a maximum of 50 percent of net income on a well before tax computation. This means that the biggest benefit of the subsidy goes to the most profitable wells.

The allowance may actually operate to discourage producers from operating less profitable or marginal wells. The stripper well operator, producing less than 10 barrels a day, gets the short end.

He is forced to pump the wells he has while the big companies have more money to buy up and gain control of most of the stripper well operation.

ECONOMIC JUSTIFICATION

Even if we accept the premise that the allowance was justifiable at one time the new economics of the oil industry make the loophole unjustifiable today.

In the pre-embargo days when oil was selling at $3.50 a barrel, the value of depletion on the barrel was 77 cents.

Today old oil sells at $5.25 a barrel and thus the depletion shelter is worth $1.15 for old oil.

For "new"—"released" and "stripper well"—oil which is selling at $10.50 a barrel, the depletion allowance is now worth $2.31 a barrel.

For "weighted average U.S. price" oil at $7.50 a barrel the depletion shelter is worth $1.65 a barrel.

And for independents oil which sells at $8.80 a barrel, the shelter is worth $1.17 a barrel.

I include a chart clarifying and explaining the figures at this point in the RECORD:

A. Pre-embargo:
Price per barrel=$3.50.
Value of depletion-shelter=$0.77.
B. Today:
1. "Old oil"=$5.25 per barrel.
New income=$5.25 −$3.50=$1.75 per barrel (=2.27×.77).
Depletion-shelter=$5.25×.22=$1.15 per barrel.
2. "New" ("released" and "stripper well")=$10.50 per barrel.
New income=$10.50 −$3.50=$7.00 per barrel (=9.1×.77).
Depletion-shelter=$10.50×.22=$2.31 per barrel.
3. "Weighted average U.S. price"=$7.50 per barrel.
New income=$7.50 −$3.50=$4.00 per barrel (=5.2×.77).
Depletion-shelter=$7.50×.22=$1.65 per barrel.
4. Independents' price=$8.80 per barrel.
New income=$8.30 −$3.50=$5.30 per barrel (=6.9×.77).
Depletion-shelter=$5.30×.22=$1.17 per barrel.

In summary, to the extent that percentage depletion is a tax subsidy to encourage the exploration and production of oil, it no longer is economically justifiable. This lost incentive is more than made up for by the astronomical increases in oil prices following the 1973 Arab embargo. Even at the lowest current price level—the old oil price of $5.25 per barrel—the price increase represents over twice the amount which percentage depletion provided as a subsidy 2 years ago. And, on the average, the price increases of all oil represent over five times the value of percentage depletion before the embargo.

NO INCENTIVE TO EXPLORE

As I previously noted the depletion allowances, if anything, over-encourages drilling in proven fields since the allowance is available only for producing wells, not for dry holes.

Depletion is not necessary to attract new capital for expanded drilling.

The average return on shareholder equity in the industry as a whole was 9 percent in 1972; 15 percent in 1973; and, experts estimate, will be as high as 19–20 percent in 1974. Indeed, last year, business was so good and the commitment of the majors to energy-independence so lacking that Gulf Oil Co. was negotiating to buy the Ringling Brothers-Barnum and Bailey Circus and Mobil Oil Co. was able to buy out the Marcor—which owns the Montgomery Ward department stores. Tax subsidies to the oil industry such as percentage depletion helped to put these major companies in the position to use tax-sheltered dollars for these purposes.

A recent survey of 75 independent oil and gas producers showed a 1974 average return on equity capital of 23 percent compared to an overall 1974 average for all manufacturing industries of 14 percent—and this estimate takes into account the cost of drilling dry holes.

Industry expansion has been hindered primarily by a shortage of tubular goods, drilling rigs, and other necessary field equipment.

Even without percentage depletion, both the majors and the independents will have the exploration incentive provided by the allowance of an immediate write-off of intangible drilling costs—which allows about 70 percent of the cost of successful wells to be deducted immediately rather than capitalized—periodic depreciation—as is required of other industries.

During the last 5 years, exploratory drilling in the United States has declined by more than 50 percent. Depletion, then, has cost billions while the level of domestic oil reserves remains relatively constant.

The new high price of oil is itself a sufficient incentive to drill;

It has been estimated that more than one-half the Treasury cost of percentage depletion goes to landowners through royalty income shelters. Landowners do no exploring and incur no risks; so, to the extent the percentage depletion subsidy goes to them, it contributes not one iota to an exploratory "incentive."

To the extent that it might be contended that percentage depletion is an effective incentive, it discriminates in favor of oil and gas and against alternative energy sources, such as solar energy for which there is no tax subsidy at all.

Windfall profits are not necessary in order to finance investment in the search for more energy. In fact, the present profit situation in the industry is so good that, even with depletion repealed, the industry will continue to have easy access to America's capital markets.

One final argument must be dealt with—that is, that depletion will increase the price of gasoline.

Under previous price conditions, there may have been some danger that gasoline prices would increase as a result of eliminating the depletion allowance. To some extent, the depletion allowance may have subsidized lower gasoline prices in the past. However, under present circumstances, gasoline prices are being set by the price of oil. As long as we are paying $10 per barrel for imported oil, uncontrolled domestic oil will sell for a similar price. Removing the percentage depletion allowance will not increase that price, it will merely lower the inordinate profits that result from it.

The days of the oil depletion must come to an end. In its place we need a rational energy policy which produces benefits to the American people commensurate with the tax dollars we use for this purpose.

I urge my colleagues to join with us in repealing the oil depletion allowance.

THE CASE FOR REPEAL OF PERCENTAGE DEPLETION

Mr. HUMPHREY. Mr. President, I was not an original sponsor of this amendment, despite my belief that the percentage depletion allowance for oil and gas producers should be repealed, because I felt that the possibility of extended debate on this issue should not be allowed to delay the passage of a major income tax cut, which I consider to be very urgent. I still consider an immediate tax cut to be absolutely critical to prevent a further decline in the U.S. economy.

Despite this reservation, I believe that it is high time for the Congress to repeal the percentage depletion allowance, and I lend my wholehearted support to this objective, as I have done before. America's multinational oil companies typically pay less than 10 cents in U.S. income tax on each dollar of their enormous profits. Many of the very largest pay less than a nickel a dollar. Even those with most or all of their production in the United States typically pay only 10 to 20 percent. Most other businesses pay at least 40 cents per dollar. Even middle-income families with children pay more of their incomes in taxes than do the oil companies.

Whatever arguments once existed for tax favors to the oil industry, last year's tremendous price increases made them all obsolete. The OPEC cartel arbitrarily boosted prices by over 150 percent to levels that are monopolistic and exploitative by any definition. However, the biggest beneficiaries of this move besides the OPEC governments themselves are the American oil producers and their suppliers. Without lifting a finger they watched the price of U.S. domestic oil go from the range of $3.60 in mid-1973 to today's average of about $7.75, which is constrained from reaching OPEC levels only by the U.S. price ceiling on so-called "old" oil. This 115 percent boost yields

windfall profits of over $12 billion annually, which gradually are being distributed among all participants in the domestic oil production process through bidding up the prices of oil industry inputs, including oil leases. If the price controls are removed, this massive annual windfall could nearly double.

Under these conditions there is no longer any reason to subsidize oil producers at taxpayer expense. Yet under present law the depletion subsidy actually has increased in proportion to profits. At today's oil prices, it causes a revenue loss estimated at between $2 and $3 billion which other taxpayers are making up. This means annual taxes of about $40 to $60 from the average family of four in the United States for the benefit of the oil industry. This absurdity must be stopped.

The sooner this needed reform is enacted, the less difficult the financial adjustment for the oil industry will be. If action is delayed, oil firms will continue to invest in new oil assets at prices based on today's inflated profitability. Then the abolition of tax subsidies could involve some capital losses.

PERCENTAGE DEPLETION AS AN INCENTIVE TO SUPPLY

Percentage depletion has been defended in the past as an incentive to the development of new oil supplies. Again, however, the price increases in 1973 and 1974 create a new situation. Old arguments no longer make sense.

We have been told often before that returns on investment in the oil industry were no higher than in other industries. Some oil spokesmen now talk as though the repeal of depletion would remove most of the profit from oil production. But the figures make a mockery of this proposition. According to the compilation of corporate profits in Business Week magazine, after-tax oil industry profits increased by 55 percent in 1973 and by another 40 percent in 1974. That makes a compounded increase of 117 percent in 2 years. Return on equity investment rose to 15 percent in 1973 and to 19 percent in 1974. By comparison, the after-tax return in all U.S. manufacturing for the first 9 months of 1974, according to the Federal Trade Commission, was 15 percent. Thus the percentage return on oil investments was significantly higher.

Is it not peculiar that we are told by industry apologists that an attractive return must be provided to induce energy investments. And an attractive return is provided. In the next breath, however, we are told that we must continue to hand the industry some of the money to invest in the form of costless tax subsidies like percentage depletion. They want us to pay them a good return on our money. Why should they have it both ways?

If one looks at it somewhat differently, one can see how little difference the repeal of depletion would make in the context of today's oil profits. Less than 2 years ago, when oil was selling for $3.60 per barrel, percentage depletion saved producers at most about 40 cents in taxes on each barrel. But the subsequent price increase for freely priced domestic oil was more than $6 per barrel or 15 times as much as previously received from depletion. The price increase for controlled oil has been about four times as much as depletion previously provided. Price boosts of this magnitude make even percentage depletion look like a minor detail.

We have been told by industry and administration spokesmen that the era of cheap energy is over forever. If these price boosts are not high enough to induce the producers to find oil without special tax favors, then how high do prices have to go before the oilmen will take their hands out of the taxpayer's pocket?

As an incentive to supply, percentage depletion always has been fantastically expensive. Even before the big leap in oil prices, it cost the Treasury an average of over $1 billion per year. This covered nearly 40 percent of all exploration outlays at that time, including acquisition of acreage, geological tests, drilling, and overhead. This is a very large subsidy. This year it would balloon, as indicated, to the range of $2 to $3 billion. But it is not applied so as to be an effective stimulus to exploration. First, it does not benefit exploration directly but only actual extraction. Second, much of it goes to landowners or equipment rental firms not involved in exploration or in risk-taking in any significant way.

In other words, percentage depletion splashes money on everyone associated with a producing well, and this money may be reinvested in exploration but may just as well go into real estate or a new car. Careful economic studies have indicated that percentage depletion is very ineffective in stimulating exploration relative to its large cost to the Federal Treasury. On the other hand, it stimulates excessive drilling of known reservoirs to extract the oil speedily and obtain the subsidy.

INDUSTRY INVESTMENT REQUIREMENTS

It has been estimated that stupendous volumes of capital will be required for future energy facilities, and the energy interests claim that the industry will be able to raise these amounts only if permitted to keep their tax subsidies. This is a greatly exaggerated argument.

First, the estimates of investment needs are based on extrapolations of past growth rates of energy use and are therefore exaggerated. A national energy conservation effort already is under way. Past consumption trends already have been broken by the tremendous leap in prices. The effects of conservation are shown graphically by the fact, reported by the American Petroleum Institute, that the utilization of refineries at the end of last month was down at an average of only 84 percent, or barely more than at the end of the Arab embargo 1 year ago. This is reflected, moreover, in the fact, reported recently by the Conference Board, that the oil industry cut back its new appropriations for manufacturing facilities in the fourth quarter of 1974 by over one-half from the third quarter. Energy investment obviously is very sensitive to the rate of energy consumption growth. The Ford Foundation Energy Policy Project estimates that we could reduce energy growth in this country by more than 30 percent in the next 15 years if we try.

Second, energy investments are not limited by any lack of funds but by the physical capacity of the industry and its equipment suppliers. Higher monetary commitments in the face of these constraints will only bid up the costs without increasing output. Meanwhile, the energy industries hold very large investments in real estate, manufacturing and other nonenergy fields. Excessive funds in the hands of oil companies will just facilitate acquisitions and consolidations of competing suppliers and of raw materials resources in the hands of existing firms. This is what we really are buying with continued subsidization.

Finally, the oil industry has one of the lowest debt-equity ratios in industry. It has a tremendous untapped borrowing capacity. Under this condition, why should it expect the hard-pressed taxpayer to come bearing gifts from which to finance supplies to be sold back to him at exorbitant prices? This cheap financing will not get us our oil any cheaper so long as prices are determined by the Mideast cartel. It will just continue to inflate the profits of the companies.

DO HIGHER DEVELOPMENT COSTS JUSTIFY DEPLETION?

Proponents of continuing depletion argue that the cost of producing oil has gone up just as fast as oil prices and that no windfall profits have resulted from higher prices. This may be true after a certain period of time has elapsed for adjustment. But this is just another way of saying that the windfall from higher prices is being spread around among all of the various participants in the oil industry—to landowners, equipment makers and renters, and personnel as well as to the actual operator or entrepreneur who takes the risk and the final profits. There is no reason why they should enjoy windfalls at the expense of taxpayers and consumers either. Taxes not paid because of percentage depletion and other oil tax loopholes just go to help bid up the prices of all of the inputs involved and to give American a very high-cost energy industry. Removal of percentage depletion will tend to reduce oil profits in the short run, and we intend to tax away some of the windfall, but in doing so it will constrain the increase in the costs of production, particularly in the costs of leases.

HELPING INDEPENDENT PRODUCERS

The only sector of the oil industry that might be significantly hurt by depletion repeal is the small independent sector of the business and I mean the small independent with production of 1,000 to 1,500 barrels per day. That is because of the high risk in small exploration firms that drill only a few wells each year and the unique role of this tax shelter in attracting risk capital into these firms. Because of these factors, I will support the continuation of percentage depletion for taxpayers with an equity interest in a small volume of oil production. Through this provision, I believe that depletion can serve a useful goal of fostering the independent operator, and its benefits can be limited to persons who take

genuine risk in search of more oil. The small independent must be free from major oil company investment or control—it must be as its descriptive language indicates, both small and independent.

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

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

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. 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. GLENN. Mr. President, I ask unanimous consent that during the consideration of H.R. 2166 the following two staff members be accorded the privilege of the floor: Len Bickwith and Walker Nolan.

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

Mr. BARTLETT. Mr. President, I ask unanimous consent that Tom Biery, of my staff, be allowed the privilege of the floor during the consideration of the pending bill.

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

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Howard Segermark, of my staff, be allowed the privilege of the floor during the consideration of the pending legislation.

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

What is the will of the Senate?

Mr. McGOVERN. Mr. President, I earlier explained to the Senate the motion which I have at the desk that would have the effect of recommitting the bill to the Committee on Finance with instructions to report back an alternative tax cut totaling $19.9 billion, the same as the House figure, and to do that within 2 days.

The purpose of this motion, Mr. President, is to bring back legislation that is more in line with the needs of the Nation.

We do need a fiscal stimulant. We do need to take steps to provide jobs. We do need to counter the ravages of inflation. But the course that I am recommending here would be a tax cut in the range of $19.9 billion as provided by the House, which would give the Congress more freedom for support of public investment.

I am afraid that if we approve a nearly $30 billion reduction in revenues, as provided for in this bill, that will be the end of any hope we have for public investment in energy development, in transportation, in housing, in health, in education, in antipollution programs, and in other things that the Nation urgently needs.

So, Mr. President, I ask the clerk to report the motion.

The PRESIDING OFFICER. The motion will be stated.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. McGOVERN) moves to recommit H.R. 2166, the Tax Reduction Act of 1975, to the Committee on Finance, with instructions to report back within 2 days a substitute amendment which would result in a revenue loss of no more than $19.9 billion in calendar 1975.

Mr. McGOVERN. Mr. President, I would like to move the question at this time, and I ask for the yeas and nays, if sufficient Senators are in the Chamber.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. McGOVERN. 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. McGOVERN. 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. McGOVERN. Mr. President, I ask unanimous consent that Mr. John Baldwin, of my staff, be permitted the privilege of the floor during the consideration of this motion.

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

Mr. McGOVERN. Mr. President, I now ask for the yeas and nays on my motion to recommit.

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

The yeas and nays were ordered.

Mr. LONG. Mr. President, I think we can vote in fairly short order on this motion.

As I understand the McGovern proposal, the Senator would limit the tax cut to $19.9 billion. Of course, I understand his view. His view is that there should be more Government spending and that instead of having a $30 billion tax cut, with the President holding the reins on spending, we should have about a $20 billion tax cut, the House figure, and that we should do more Government spending in areas that would serve a good purpose.

My reaction, Mr. President, is that I believe we need the tax cut, and we may well need the Government spending on public works, too. But the tax cut is something that can be initiated much more quickly.

This Nation is in a very severe recession and I personally am inclined to feel that we ought to do both: We ought to have a tax cut that exceeds $20 billion—that is what most of the economists have testified to before the Committee on Finance and before the Joint Economic Committee, headed by Mr. HUMPHREY, and that has caused that committee to recommend almost unanimously that the tax cut be in about the amount that the Senate Committee on Finance has recommended. I think they recommended somewhat more than this. They recommended about a $32 billion tax cut. We recommended about a $29 billion tax cut.

The Senator feels that we should do more Federal spending on public works, I assume, and on energy, mass transit, things of that sort, and do less of it in terms of tax cuts. It is purely a matter for the Senate to decide.

I personally feel that we should have a tax cut in about the area that the committee recommended and that, in addition to that, we ought to have more spending on public works of a desirable nature, too. We are in a very deep recession that threatens to get worse.

I also point out that while the Senator, of course, wants to stimulate the economy, in addition to the smaller tax cut recommended by the House, he wants to have more spending in rail transportation, mass transit, energy, housing, and create a number of public service jobs where he thinks they will be useful.

I agree with all that. I just think that that ought to be done in addition to the tax cut but not as a substitute for it.

Mr. McGOVERN. Will the Senator yield?

Mr. LONG. Another point: It also takes a while to get these other things going. In other words, rail transportation and mass transit take a while to get going.

I yield to the Senator, yes.

Mr. McGOVERN. I am impressed by what the Senator said about some authorities thinking that the amount of fiscal stimulus needed to get the economy moving goes even beyond the level recommended by the committee of some $29.2 billion. I do not argue that point. But would not the Senator agree that in terms of a fiscal stimulant, we can do that either with a tax reduction or by public investment?

For example, I think the former Chairman of the Council of Economic Advisers, Mr. Keyserling, has talked in terms of a $40 billion fiscal stimulant, but he recommends that we break it down the following ways: $16 billion in tax reduction; $16 billion in public investment, in such things as energy development, transportation, housing, and so on; $8 billion in emergency public service jobs, a program that can be cranked up very quickly with the cooperation of State and local governments. It will not only provide more employment, but also begin to provide some useful services that we need.

I think the Senator from Louisiana and his committee have come out with a much better tax proposal than the one offered by the President earlier this year, but it still does not, really, target on the public needs of the Nation. I think it will be very difficult, if we approve a tax deduction of $30 billion, to come on this floor and say we need x billions of dollars for energy development, and we need x billions of dollars for housing and transportation. We are really foreclosing that possibility by putting so much of the fiscal stimulant in the tax reduction. That is really my thinking.

There is nothing in this amendment that commits Congress to the range of public spending that I prefer. All it does is reduce the tax reduction from the amount recommended by the House so that we preserve our options and leave open the kind of public investment that I think the Senator from Louisiana and I both favor. It would provide jobs and it would meet some of the unmet public needs of the Nation.

Mr. LONG. The point I was trying to make is that a lot of those jobs that

the Senator would be providing we would not have until next year, because it takes a while to crank up these programs. For example, what he would do in rail transportation and mass transit would be good, I am sure. But right here in the District of Columbia, I should like to see them at long last complete the Metro as they have been talking about around here for all these years. But we could not do a great deal more than we are doing immediately. It would take a while to speed that up and for it to go into effect.

It is conceivable that we might buy more buses, but it takes a while to make them.

In the energy area, it looks to me as though we are moving about as rapidly as we can. We have bills to stimulate the conservation of energy and to stimulate more production of it. I hope we do not move in the other direction on this bill.

What the Senator wants to do in these very desirable additional activities—public works and mass transit, various rail transportation things, energy—takes a while. The tax cut will go into effect much quicker and we feel that we need to get as much immediate impact as we can. That is why I feel that we ought to be doing a great deal of what the Senator is advocating—maybe everything he is advocating. I do not fault him on anything.

Mr. McGOVERN. Will the Senator yield?

Mr. LONG. I just say to the Senator, and I am sure he will recall where to find it in the Scriptures, where the Master said:

These ought ye to have done, and not to leave the other undone.

I think we need both. We need the advantage of the big tax cut now, and our mutual friend, the Senator from Minnesota (Mr. HUMPHREY), the cochairman of the Joint Economic Committee, is a well-known enthusiast of saying we need a tax cut of about the size in the committee bill, and we ought to do some of the other things the Senator has in mind, too.

Mr. McGOVERN. If the Senator will yield, I do not want to speak for the Senator from Minnesota, but I think he would agree that it is the overall fiscal stimulant we are talking about, whether it is in increased public investment or increased tax deduction. I do not know what his formula is, but he is a reasonable man. Certainly, he would understand that money invested in the creation of jobs is a fiscal stimulant, even though it is not described as a tax cut.

I wish to say to the Senator that while I agree that it will take some time to crank up these public investment programs, the same thing can be said for some of the tax expenditures in this bill. For example, I notice that the committee calls for a $4.4 billion increase in the investment tax credit. That is going to take time. It is going to take time for the private economies to increase their investment, too. The difference is that we have no control over this investment. We are giving them a writeoff whether they invest in nightclubs or golf courses or whatever.

I think we will be much better off in terms of meeting some of the needs in this country if we use this revenue to construct the kind of public services that I suggested here and which the Senator has referred to. I remind him again that anything we give will take a certain amount of time to take effect. Even a tax cut is not going to have any immediate effect. That is something we talk about in the future.

Mr. LONG. Mr. President, I hope the Senator will be fair to those of us on the committee. I know he would not want to place us in a bad light, especially if it is not justified. When he says we will be giving a tax credit for investment to golf courses and nightclubs, I point out that the only extent to which a golf course could get an investment tax credit would be to the extent that they bought some machinery to cut the grass and maintain the course.

I just do not know of any particular machinery they would have in a nightclub that would be eligible for the investment tax credit. Perhaps the air-conditioning equipment. Actually, it is my understanding that it would not even apply to their air-conditioning equipment if it is built into the building.

So I hope the Senator will not burden the committee amendment with some things that are not really there. I suspect he can find some things to find fault with, but I do not think that is it.

Mr. McGOVERN. I have not even mentioned things like A.T. & T. and Pan American. I leave those things out. But the point I am trying to make to the Senator is that there is nothing in these tax reductions in this bill that will meet the priority needs of the Nation. There is nowhere where the committee says that we need a public agenda, to provide a decent public transportation system, or energy development, or education programs.

I again hasten to say to the Senator that what worries me is that I am convinced that if we ratify a $30 billion tax reduction, that is the end of any hope we may have for substantial investments in improved public service. That is the reason for this recommittal motion.

I also think it would bring us into line with the House of Representatives, and that if we can do it in a couple of days, it will avoid a conference and we can wind the whole thing up in 48 hours.

Mr. LONG. Mr. President, I simply think we need this to get our economy going. Our committee only met for about 2 days to reach its conclusion on this bill, so as to hasten it along, because these tax cuts provide all sorts of immediate stimulus, and this investment tax credit, whatever you want to say about it, does that. I do not think we have found any device that experience has indicated would more stimulate the economy than the investment tax credit. As a matter of fact, on the two occasions when I urged that it be repealed, and it was repealed, it was overheating the economy; it was stimulating the economy so much that it was overstimulating it. And we also saw, when we repealed it, that the economy went right into a slump, because it caused so many orders that would otherwise have been placed not to be placed that it simply slowed the economy down to the point of recession; so that on two different occasions, after we repealed it, the President came right back in asking that it be reinstated.

The Senator is talking about A.T. & T. All we provided there was that when the House provided for an investment tax credit for all companies, the House said they would limit that to $100 million. That would have the effect of discriminating against just one company, the American Telephone & Telegraph Co., in installing these touch-tone systems and the telephone exchanges needed by the people of this country. That was a matter of just discriminating against a single company which is one of the biggest employers, perhaps the biggest. As a matter of fact, I know of no company that employs more poor people than the American Telephone & Telegraph Co.

So the Senator can do whatever he wants to about that matter. The Senator is saying, "This is a big company, so we are not going to let them have the full benefit of the investment tax credit." That seems to me to miss the point. The point of the investment tax credit was that we wanted to encourage all companies to modernize, to buy more equipment, to become more efficient, and the machines that they buy make jobs for the working man better, because when a man can work with the machinery doing most of the work for him, he has the advantage of working in air-conditioned comfort as opposed to the open areas he would be in otherwise, so that he has a much less tough job, under more comfortable circumstances.

So we felt that the measure has proved itself; President has recommended it and Congress agreed that we ought to extend it. The Senator can vote however he wants to; it makes no difference to me whether we discriminate against A.T. & T. or not. They will still be here. I think we may have a little better telephone service if we treat them the same way.

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

Mr. LONG. I yield.

Mr. HARTKE. Is it not true that if the Senator from South Dakota wishes to make any changes in the bill before the Senate, the Senate can work its will? The committee has not attempted to lock in the $29 billion figure. If Senators wish to reduce it to $19 billion, they can offer an amendment, get the necessary votes, and it is out. I see no reason to go back to our committee and take time to do again what we have already said we did not want to do.

I personally believe the tax cut is too small; but I do not believe anyone will contend that a tax cut is a panacea for all the problems of inflation and recession we have at the present time. If the Senator from South Dakota wants to put in a public works bill for transportation, for example, to upgrade the country's railroad tracks, he will find no one in the Senate more on his side than I.

I think what the Senator is really doing is yielding to a fear of Presidential

veto. I think what we ought to fear is an economy which, in the terms of Leif Olson, who is not an unknown economist, is about halfway to the bottom. If we are going to double the depth of this recession, we ought not to belabor the size of this cut. I say to the chairman that I just hope we do not cut below $29 billion. I hope we recognize that, in comparison with the 1964 reduction, in order to get an equivalent tax cut, with the gross national product where it is today, at $1,500,000,000,000, we would have to have a tax cut more nearly around $40 billion. Anyway, we would have to have at least this size to approach the equivalent of the $10 billion tax cut we had in 1964; and the net result of that tax cut was to increase the tax revenues.

In fact, if we had a 4 percent unemployment sector right now, instead of a deficit in this budget, we would have a $17 billion surplus this year alone.

I think the Senator from South Dakota wants to put people to work. There is more than one way to put people to work. Why crucify those people who would have an opportunity to go to work under this tax bill, simply because something else may be coming down the pike a little later on that may also put people to work?

Mr. LONG. Mr. President, I wish I could get my friends from Minnesota and South Dakota to get together. The Senator from Minnesota once lived in the State of South Dakota. I refer, of course, to our former Vice President and our present chairman of the Joint Economic Committee (Mr. HUMPHREY).

Mr. HUMPHREY called hearings in his committee. He went on television and made a magnificent, enthusiastic presentation, as he always does. Having seen the program, I was filled with enthusiasm. That Senator's enthusiasm tends to be contagious when he speaks.

He maintained that we ought to have a $32 billion tax cut, when he came before the Committee on Finance and made a similar proposal, I thought he carried the day. So we proceeded to follow in that general trend, and we increased the amount of the tax cut up to about $29 billion.

Frankly, if someone could show me something that would be as good as some of the things that are in this bill, I would be inclined to think we ought to go a little beyond this, because, if anything, I am not satisfied the tax cut is enough.

I just wish that these two great Senators—I see that they happen to be together in the Chamber—both of whom I supported for President of the United States, could just get together so that I would know that the Senators, both of whom I once had as neighbors, could get together and push me in the same direction. But if I have to make the hard choice, I guess I will have to go in the direction advocated by my dear friend from Minnesota, the former Vice President of the United States, and chairman of the Joint Economic Committee, that we ought to have a bigger tax cut than the House recommended.

Mr. HUMPHREY. Definitely.

Mr. LONG. The Senator is a former pharmacist. He knows that the medicine is all right, but the patient will remain ill for lack of a proper dose.

Mr. HUMPHREY. The medicine is all right, but the administration's dosage is too small. They were just tickling the palate instead of curing the disease.

What I was trying to do in my recommendations to the distinguished chairman of the Committee on Finance and his colleagues was to give him the benefit not of my advice but of the advice we had accumulated over a series of some 30 hearing with some outstanding people in the finance world, the business world, the labor movement, from the academic community, people who were in the financial world.

All of them said as follows: that the administration's program was inadequate; second, they recommended—I do not think there were any of them who recommended less than a $25 billion tax cut, and some of them recommended as high as $35 billion.

I submitted a bill in the Senate, for a $30 billion tax cut that would have been based upon an increase in the low-income allowance, in the standard deduction, with an increase in exemptions for dependents, and a tax credit of 1.5 percent on the first $14,100 income. That would have produced, plus an investment tax credit of 10 percent, along with a rebate on the 1974 taxes—and my proposal was of approximately $8 billion—that all added up to a figure of around $29.9 billion, approximately $30 billion. It seems to me that would have been an adequate economic stimulus.

But, may I say, the longer we wait the more the stimulus will have to be. As some of us pointed out earlier, we had bills in here last year for a $10 billion tax cut; later on for $20 billion. People may say, "Well, didn't you know what you were doing?"

The fact is that the unemployment rate went up from 5.5 percent last summer to 8.2 percent in January, and the part-time unemployment went up very rapidly as well. So the economy has deteriorated, which necessitates, in terms of medical parlance, a stronger prescription, a larger dosage, since we cannot change the doctors, you know.

So that is my proposal. I want to say I thought the figure that came out of the Committee on Finance was a solid, effective figure.

I understand there has been some argument here as to whether or not public investment is as good as private, because the tax bill relates essentially to putting money back into the hands of the individuals and the companies. I happen to believe that this country needs an injection of investment capital. I think that is very important. I think it is important for us to understand that it takes more money to create a job today.

I think it also needs an injection of consumer purchasing power, and the only relief that the working families of this country are going to get from inflation is a tax refund and a little extra money in their daily and their weekly check, and that little extra money will be due to the reduction in their taxes.

I still think there are things that need to be done in the public sector. Our road building program, our water and sewer program, and we are going to come around here—I know the Senator from Wisconsin (Mr. PROXMIRE) is coming in—with a housing program on interest rates on housing, and I have a program in like that. So we need a combination. There is not any one thing that does the trick.

Now, most of us at times have either had the flu or been in the hospital, and I found early in pharmacy that a basic drug, as we called it, a basic oxide or drug, has less healing effect than a compound. By the way, I am not a former druggist. This job is too uncertain. I keep my license. [Laughter.] I am an active pharmacist—a losing money one but an active one.

I found out long ago that it takes a compound and it takes an assortment of treatments to effect any kind of solution to major problems, and that is true with our economy.

Mr. LONG. Mr. President, I thought when President Ford went on television and explained his state of the Union message, and then when the Senator from Minnesota (Mr. HUMPHREY) was given an opportunity to have equal time and he went on and explained for the Democrats of the Senate how we looked at the state of the Union problem, that I was listening to the Democratic approach as contrasted with the Ford approach. The tax cut was not near enough. We needed to do a lot more than that, a bigger tax cut and public works, too. So we have now reported a bill that I knew would make President Ford unhappy, but I thought it would make GEORGE McGOVERN happy, and I thought we would have him on our side.

I want to tell the Senator I am for all of this. I quoted the provision that always impressed me from the Scriptures. I believe the Master was supposed to have said to the Pharisees:

> These ought ye to have done, and not to leave the other undone.

We could do the tax cut and do the public works the Senator wants, too. I think we ought to do both of them, and I hope we will.

Mr. McGOVERN. As long as the Senator is quoting the Bible——

Mr. LONG. I hope I did not misquote it, but that is——

Mr. McGOVERN. The Senator knows there is also a scale of priorities in the Bible. "Seek ye first the Kingdom of God and these other things will be added to you," after you get your priorities.

Mr. LONG. I hope the Senator said his prayers when he got up this morning. I said mine.

Mr. McGOVERN. I just thought as long as the Senator was quoting Scripture, we ought to have it in context.

But the point I wanted to make to the Senator from Minnesota——

Mr. LONG. I thought, Senator, we were past the first amendment. I thought we were working farther down in the table of contents at this point to get the economy moving, talking about the good works that people should do and that kind of thing.

Mr. McGOVERN. I must say to the

Senator so long as the Senator from Minnesota is here that really what we are debating here is a matter of just what is likely we can accomplish in this session of Congress that will provide the most constructive possible stimulant to the economy.

There is not any disagreement here that you can stimulate the economy either by a tax reduction or by public investment. Nobody is arguing that. There is not a Senator in the Chamber who would deny that both of those routes are constructive ways to provide a stimulant to the economy.

Now that the Senator from Minnesota is here, I just want to call to his attention the rough outline that Mr. Keyserling suggested in the way of a stimulant to the economy. He proposed something in the neighborhood of $40 billion; this is $10 billion beyond what the Senator's bill goes to. But he said the constructive way to do that is approximately a $16 billion tax reduction, approximately a $16 billion public investment in the rails, in energy, in education, conservation, and so on, and then $8 billion in public service employment.

Now, I submit to all the Senators here that that kind of a package is going to be much more constructive in meeting the needs of the Nation than a $30 billion tax cut.

I know the Senator from Minnesota and the Senator from Louisiana both talked about the possibility of our coming back here later on and authorizing expenditures of a substantial nature to rebuild the transportation system of the country and to do these other things.

My own judgment is, and it is just a matter of personal judgment, we all have to vote as we see it, that we are not going to have much practical chance of getting this Congress or the administration to approve substantial increases in public investment if we precede that by a $30 billion reduction in taxes. I think it is almost an either/or basis.

If we make this tax reduction more in line with what the other body has suggested, that preserves our options, that is, ultimately a chance for public investment, and I hope the Senate will take that into consideration.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. LONG. If I may, I will just yield the floor.

Mr. HUMPHREY. Let me just join in this discussion for a moment. The reason I joined in a $30 billion tax reduction is that the evidence presented to the Joint Economic Committee stated the following: That it would give us the most rapid recovery, that it had the most immediate stimulus; that it would do the most to restore incomes in the families of America to put the unemployed back to work.

Now, all of my life I have supported a public works program. For example, I think that the Government of the United States ought to work out a program of a sort of quasi-public corporation that would take over the roadbeds of the railroads in this country, modernize them, make them usable, and have a user fee for the use of those roadbeds just like we have for an airport or like we charge a truck for using a highway. That is a public works program.

I believe that we need these water and sewer projects, and I am sure that Congress is going to release the money or see that that money is released.

But I have to say to my distinguished colleagues, and indeed, my good and distinguished friend from South Dakota, whose desire to improve the structure of this country is basically sound and right, that if we want to get a response in the economy that will put people back to work, then the best thing we can do, from all the advice we have been getting, is to use the tax reduction method.

It puts the money back into the hands of the people and it gives them the choice as to how they want to use it.

The argument is made that that will most likely be saved or put into savings and loan accounts, and so forth. Even if that were the case, that is capital that is available for mortgages, for commercial credit, et cetera. But the point is that every recession we have had where we have used the tax reduction method to get out of it, response has been much more rapid than the experts anticipated, and the tax reduction method has worked.

This was true in the 1958 recession, it was true in the 1961 recession, and every bit of evidence we have shows that this method will do what we are asking to have done first. The first thing we want done is to put unemployed people back to work and there are ways to get it done and one of the ways is the tax reduction.

I think another way, which is the best thing we could do, is the housing program, and I want it stated categorically that I do not think there is any way out of this recession until we get the housing industry out of its depression, and there are only two ways to do that.

One is to have an interest rate that is reasonable, that the people can afford to pay, even if it requires an interest subsidy, and the other is availability of mortgage money.

Now, I have proposed what we call a housing bank wherein the Government of the United States could subsidize interest rates, could borrow in the money market, let us say at 7 percent. If the interest rate were to be kept at 6 percent, it would subsidize 1 percent, not on every kind of home, but let us say to 1,500 square feet.

I do not want to see us designing the pattern for the individual. I do not believe we ought to design the kind of houses people ought to have. If they want a home of one room, or a ranch style, or two floors, or whatever they want, they ought to have their choice.

But a 6-percent mortgage and not more than 7, between 6 and 7 percent for a home up to, let us say, 1,500 square feet, would be a modest home. Ordinarily one would call it a three-bedroom home with modest facilities, and it would be a godsend to the American economy.

It will do two things: reduce taxes enough and spread the reduction among the middle income in this country as well as the low income, primarily, and if we will have a housing program with a housing stimulus that will put people back to work—remember we have the best labor force unemployed today, it falls as high as 40 percent in some areas in the construction staff—and then we have the band aids, as I call them, of unemployment compensation for the temporary needs, plus public-service employment for temporary type of employment, we begin to put together a program that works.

I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, I have served with the distinguished Senator from Minnesota and I am very much in accord with his views that the way to get this economy turned around fast is to put money in people's pockets to spend and that we put it there with a tax cut.

I think it was somewhat the unanimous opinion of the economists that testified before us in the Joint Economic Committee and before us in the Finance Committee that this is the way to do it. This is the quickest reaction we could have when we have an 8.2 percent unemployment and 7.5 million people out of work, that the way to stimulate it is with a tax cut.

Now, we can stimulate the economy at a time like this when we are using about 70 percent of our potential, that is just about what we are doing——

Mr. HUMPHREY. That is right.

Mr. BENTSEN (continuing). In the capacity of this country to grow and the way of the capacity of industry of this country to produce.

Now, if we stimulate at a time when consumer demand is down, that is when we can do it with the least danger to inflationary pressures and increasing the cost of living, giving us a problem with people trying to make their budgets meet the increasing prices.

But my concern is that if we go into a very extensive public works program beyond what is already charted, that we run into a problem having those things come on 2 or 3 years from now when we certainly hope we have recovered from this recession and that we have inflationary pressures then that could give very serious problems insofar as interest rates, trying to finance the private sector, and pressure on prices and wages at that particular time.

So we have done this in the Committee on Public Works. We held a hearing where we brought in the OMB, EPA, and the rest of them, and talked to them about those projects where the appropriations had already been made, where the plans had already been drawn, where they were ready to go, projects that were virtually there, and we tried to see what we could do in the way of cutting down redtape and see what we could do stopping some deferrals and impoundments to get those on.

But insofar as starting great massive new public works beyond those already on the drawing boards, I think we would find it is too little and too late and run a very serious danger of having an inflationary impact. By far the best means, of course, is to try to have this tax cut where it gets into the peoples' pockets.

We aimed this principally at middle and low income. A lot of people are having difficulty making ends meet. They

will spend that money, they have no other alternative; it goes right back in the mainstreams of the economy.

When we talk about a $70 billion deficit, the one thing we have to remember is that that deficit in this instance is not from excessive Government spending, but it is because we have people out of work who are not on payrolls.

Every time we have 1-percent increased unemployment in this country, we lose $12 to $15 billion in tax revenue, $2 to $3 billion in unemployment compensation, so if we could get back to just what unemployment was in 1973, when we had about 4.7 percent, we would have a balanced budget in this country again.

Mr. HUMPHREY. Exactly.

Mr. BENTSEN. This, again, is what we are trying to do: put people back to work now by giving them money to spend as consumers and turn the economy around.

Mr. HUMPHREY. I want to express my thanks to the distinguished Senator from Texas for his addition to this colloquy because he, again, has pointed out what I think is so important: that while there ought to be a continuous line of necessary public works to maintain the basic structure of our country, the point is that it takes time to gear them up, it takes time to accumulate the materials, and it does not give the immediate impact that a tax cut will give.

Now, there is a balance, again, as I said. We will be releasing money for water and sewer, for example, I am confident we will do this, we will have programs that relate to the Economic Development Administration. But what we need above all is to get the economy revived up, get it back to work so that instead of working at 70 or 80 percent capacity, we are working at 90 percent to 95 percent capacity, that lowers unit cost, that will bring down the rate of inflation. More significantly, it will increase personal income and corporate income.

There is only one way to get revenue. We do not get revenue by raising the tax rates, but essentially by keeping the economy going at a good cruising speed. Our tax system is sort of like a salami knife, it clips us a little at a time and it depends on the velocity of money, it depends on the flow of commerce.

Now, the real truth is that while many people are horrified with the budget deficit, they ought to be horrified about the fact that in the year of 1974, the year of 1975, the year of 1976, those three years, the Office of Management and Budget estimates a loss of potential production of $600 billion due to unemployment and recession.

For all practical purposes, $600 billion has been flushed down the sewer, out into the Potomac River, never to ever be used by anybody. That is $600 billion from which we are going to get no revenue, no jobs, and out of which we get no construction.

Our job is to try to get the economy moving up so that we begin to use our planned capacity, begin to encourage investment so that we can improve that planned capacity, and that we begin to put people back to work.

When that happens, we will have money in the Treasury to pay for public works.

I want to say to the Senator from Texas that he is correct about the delicateness of our present situation. This is the first time in the history of this country we have had inflation and recession at the same time.

We have had recession before, but never inflation with recession. This time we have inflation and recession.

Fortunately, the inflation rate is going down. It is estimated that it may be between 4 and 5 percent at the end of this year. Fortunately.

But we have to be careful. Nothing would be worse in our struggle against the recession than to go so fast, so pell-mell, that we rekindle the fires of inflation which would consume once again all that we try to repair.

This is the first time we have ever had to face this. It is unique. I suggest that we in Congress proceed with those forces or remedies that we know have some possibility of working. The one that I am convinced will work is the one of a tax reduction. That tax reduction, according to Dr. Walter Heller, whom I respect greatly as one of our finest economists and, according to a host of others, will restore employment, will reduce unemployment, will increase revenues.

There are two ways to reduce the deficit. One is to reduce spending. I do not think anybody in this body thinks that we can reduce the budget $50 billion or $70 billion to get the budget in balance without economic catastrophe. The other thing to do is to increase your income and to increase the productivity of this country.

I believe we need a degree of fiscal discipline. I voted the other day not to override all of the rescissions. We are going to have to pick and choose. That is No. 1.

Second, we are going to have to use what we can, not only to stimulate this economy but to put it back on a constructive and productive course.

There is one thing that this Senate has to keep in mind: This country will never get out of its present difficulties with just unemployment compensation and food stamps, that that is all that we need to do and all that we can do to help people in their suffering. What we have to have is work. We have to have jobs. We have to have investment. We have to have this private economy of ours at work. And we have to have income for individuals, families, and companies.

If we get those things, we will have revenue in the Treasury. If we do not get those things, we will just have to print money. I think we have to make up our mind what we are after.

Today I want to say I feel first things first. The first thing is the tax cut. The sooner we get it the better. Along with that, as the Senator from Texas has said, we need certain public works—highways, transportation systems, our railroad systems. These are long-term investments. These are long-term investments.

And water and sewer. We need these things. We can phase those things right smack back into our tax and fiscal policy.

Mr. FANNIN. Mr. President, all of the Members of this body are in agreement that we need a stimulant to our economy. Certainly, I agree with the distinguished Senator from Minnesota that we must have work for our people. We must have jobs for those who are now out of work. We must have jobs that are continuing jobs, not just temporary jobs. How do we do that? What must we do? Of course, as far as this legislation is concerned, it certainly covers that particular subject of providing jobs. I am not in agreement with all of the provisions in this legislation. In fact, I voted against reporting it out of committee.

I feel we have priorities that are not taken into consideration in this bill. I hope that certain changes are made.

However, now that we have the bill on the floor, I agree with the distinguished Senator from Indiana that while we can make changes in the bill, it should not go back to committee. We already have amendments introduced, which would accomplish the very program that the Senator from South Dakota is talking about.

I do not say that these amendments are in agreement with the final result he desires, but, at the same time, the Senate has the opportunity to work its will on this legislation.

Mr. President, we should talk about the long-term needs of this country. The distinguished Senator from South Dakota has referred to some of these needs such as the investment tax credit. Mr. President, the most serious problem in this Nation is our energy needs. Why is it serious? Because it is a threat to our monetary system and a threat to the monetary system of the world.

Here we have a chance to put people back to work, to put them in jobs that will be permanent.

When talking about the investment tax credit we are usually talking about promoting business and industry that will provide jobs not only today but into the future.

Let us look at the utility industry. There have been drastic cutbacks in the construction of public utility facilities. Why? Because they have not had the money to invest, which is directly attributable to the lack of an incentive to invest. The investment tax credit would be a great incentive to this segment of our economy.

It would help in the solicitation of capital for this purpose. If there is anything more serious today than cutting down on our imports of energy, it is getting the utility business moving. This movement must be toward the utilization of fuels that are in large supply such as coal.

But, what have we done in the past few years to convert to coal? Very little. Why? Because it is tremendously expensive. The incentive for conversion to coal has not been present. The investment tax credit provisions in this bill will certainly help in many instances. I feel it is highly essential that we promote an adequate energy program as rapidly as possible. As we all know, we have $25 billion of imports to contend with in petroleum products. This quadrupling of our energy costs is practically bankrupting this country.

We cannot continue this promotion

of foreign oils. I feel we have a chance now to switch to the use of other fuels. Coal is the most abundant fuel in this Nation. In fact, it is the most abundant fuel available throughout the world.

But, Mr. President, we unfortunately are not moving in that direction.

Let us look at what the investment tax credit would do. The House bill would provide for an increase in the investment tax credit rate to 10 percent from the present 7 percent.

Public utilities have suffered inequitable treatment in the investment tax credit area too long. The present law allows for only 4 percent tax credit. The House bill would raise this figure to 10 percent. However, the committee's action would improve upon this situation even more and on a continuing basis.

The House bill would also restrict the increase in credit for public utilities to a maximum of $100 million per taxpayer. The Senate has removed that restriction.

The House provision would be available for property acquired and placed in service before January 1, 1976, or after January 21, 1975, and the 10-percent rate would also apply to progress payments.

I bring this out because I am certain the Senator from South Dakota will realize that we are talking about immediate jobs.

I know that utility companies both in my State and across the Nation have delayed planned expansion programs. In fact, some programs were started and then have been cutback. Passage of the investment tax provision for utilities in many instances would mean that those construction programs would be able to go forward.

So we are talking about results that would be immediate.

The Committee on Finance bill would increase the investment tax credit for all business taxpayers, including public utilities, to a 12-percent level during the period of January 21, 1975, to December 31, 1976. After that date the investment credit would be continued at a 10-percent level. The permanence of this provision would allow the industrial sector to plan more adequately for the future.

Mr. President, it is tremendously important that the utilities, and all businesses, understand what they are going to be able to do for the future. What they buy today has a great deal to do with what they are going to buy in the future. If they are starting a program to try to take care of the needs of the public in services 5 years from now and 10 years from now, they must have a program that is looking forward to that time.

They cannot just say, "We are going to take one step today and we do not know whether we can take the next step tomorrow." If they do not know they can take the next step tomorrow, they might not be able to take the first step today, I think it is essential especially in the utility fields, that this credit be given to them.

Mr. President, taxpayers who elected to obtain the benefits of a 12-percent investment tax credit rather than a 10-percent credit and have qualified investment property of at least $10 million would be required to utilize one-half of the additional benefit obtained to fund an employee stock ownership plan.

Mr. President, the program is called the Kelso plan. I have been one of the early sponsors of the Kelso plan. I do not feel that in the proposed legislation we have necessarily provided the correct stimulus for this new plan. The Kelso plan is supposed to be an incentive program, for a company to help its employees by distributing its stock to them. With stock ownership, they have greater loyalties, greater interest, and greater productivity. It is an investment for the company and the employee. The original concept of the Kelso plan called for an essential tax incentive to the industrial sector. That was not taken into consideration in this bill, and I regret that action.

Nevertheless, we do have before us an investment tax credit increase, which I think will stimulate the progress of companies, especially public utilities, in going forward with many programs that will provide jobs. This is just one phase of the bill that I feel is very essential to the recovery we have talked about, providing jobs and opportunities for people.

I favor many other features, I favor real tax stimulation that will help in accomplishing what I have talked about. My views and those of Senator CURTIS are in the report, and I will not elaborate on them now. I would like to read the part that pertains to what we feel should be the criteria for a tax cut bill. I hope the Senate will amend the bill along these guidelines so that I can support it. Senator CURTIS and I stated:

> We do not oppose the use of a reasonable tax cut to stimulate the economy, but if a tax cut is to be used to combat recession it must, in our view, meet several criteria. First, a tax cut must strike a balance in our economic policy. The recession is severe and we must seek to counteract it. Nevertheless, we cannot follow policies which will again overheat the economy and lead to additional period of double-digit inflation. Second, a tax cut should be temporary in nature, cast in the form of a rebate or refund, and coupled with modification of those provisions of the tax law (such as the investment tax credit) that are proven job-producers.)

The history of the success of that particular type of inducement has been brought out this afternoon by several Senators.

> Permanent reduction in taxes (whether accomplished by rate reductions or otherwise) have no place in a temporary anti-recession tax cut. Permanent changes tend to invite budgetary problems for future years. Third, special consideration should be given to those individuals with low incomes who, because of inflation, face severe hardship. Many of the problems of the poor cannot be met by reducing taxes, but where tax relief is effective, action should be taken. Fourth, we believe that to provide jobs the relief should go to business, but if it is to go to individuals, it should give particular consideration to middle income taxpayers who have been hit hardest by increased taxation due to the inflationary rise in incomes.

Mr. President, the reason why I feel that a substantial amount of relief should go to the business sector is that if we are going to experience a lasting recovery, we must provide permanent jobs. The type of jobs I am talking about are not public service jobs which we have created because of the high unemployment. I am talking about jobs that will continue through the years.

I feel that many of the objections I have with respect to the proposed legislation will be covered by acceptable amendments—I hope so—I want to be able to support this bill. I do not feel that we would benefit by sending the bill back to committee.

Mr. HARTKE. Mr. President, I just want to point out a couple of things. I believe we can vote on this matter rather shortly.

The fact is that what we have here is a fear which is being expressed. I think it is being expressed throughout the country, that somehow or other we cannot do what needs to be done in this country any more. That type of feeling leaves everybody who is without a job or threatened with the loss of a job with a great deal of anxiety. He feels that his Government no longer responds to him.

This $29 billion tax cut has been worked out with an econometric model. I believe that even that demonstrates quite conclusively that this is not a panacea for the problems of the unemployed.

What we have here is a continuing philosophy of trying to provide jobs, but no implementation of the philosophy.

In 1946, we passed the Employment Act. At that time, the word "full" was taken out of the act, for fear that there was something bad about everyone who wanted a job having an opportunity for a job.

When I first came to the Senate, in 1959, my first assignment in a committee was under the chairmanship of Senator Eugene McCarthy, in the Special Committee on Unemployment Problems. All one need do is go back and look at those solutions. If we had implemented those, most of the problems of today would not be upon us at this time.

The whole problem of providing jobs for these people may be overemphasized at times. I think the tax cut may be too small. As the Senator from Minnesota said when he expressed his concern, it may be too small.

In an article in today's New York Times, entitled "Jobs for the Jobless," Mr. A. H. Raskin expresses what is my deep concern. It points to the dangerous situation in this country at the present time.

As I said a moment ago, Mr. Olin, of the First National City Bank of New York, said he thinks we are only halfway to the bottom. If things are going to be twice as bad in June or July as they are now—and they could well be, and I hope he is wrong—then the statement by Mr. Raskin becomes much more ominous in its ultimate consequences for this Nation. Mr. Raskin says:

> A dismal consensus is developing among manpower experts that, no matter how

quickly the general economy revives, the pickup in jobs will be slow.

I think this is true.

Many companies that had slimmed down their work force under stress of the current mini-depression are finding avenues to increased efficiency that will leave them permanently able to do more and better work with far fewer employes. The same thing is beginning to happen in state and city agencies, obliged by tight budgets to cut staff or leave vacancies unfilled.

These austerity-born jumps in productivity hold out clear benefits not only for the balance sheets of profit-minded businesses but for the viability of the American economy in an increasingly competitive world. The rub is that—in the absence of imaginative advance planning—they also hold out the prospect that the skills, energies and hopes of millions of unemployed workers will remain on the junk pile long after the gross national product starts climbing skyward again.

A return to "prosperity" in which everybody shares except the people is obviously something short of idyllic. That gap in current official planning makes it welcome news that there is an almost unnoticed group, appointed by President Ford under specific mandate from Congress, now working on ways to make a reality of the commitment to full employment which the nation adopted in the Employment Act of 1946—and then spent the next three decades forgetting.

I want the entire statement to go into the RECORD, but I bring out this point: He says, "There is growing skepticism." This addresses itself directly to what Senator MCGOVERN is talking about; because that, too, may be the wrong answer and it may not be the panacea. This is the statement:

There is growing skepticism that the present practice of relying almost totally on the states and cities to sponsor emergency jobs will result in much more than the substitution of Federal money for local tax levy in paying for regular civil service functions—a kind of revolving door for moving people from one Government payroll to another while leaving the great bulk of the unemployed untouched.

All I can say is that this bill should not be portrayed, in my judgment, as a panacea, but it should be done quickly, as the first step in a whole series of bold new initiatives.

I hope Congress faces up to that and I hope that the Senator from South Dakota, when it comes time, is not so afraid to meet the future that he wants to hide back of some of those old myths and some of those old worn-out theories, which never were any good in the first place.

Mr. President, I ask unanimous consent to have Mr. Raskin's article printed in the RECORD.

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

JOBS FOR THE JOBLESS

(By A. H. Raskin)

A dismal consensus is developing among manpower experts that, no matter how quickly the general economy revives, the pickup in jobs will be slow. Many companies that had slimmed down their work force under stress of the current mini-depression are finding avenues to increased efficiency that will leave them permanently able to do more and better work with far fewer employees. The same thing is beginning to happen in state and city agencies, obliged by tight budgets to cut staff or leave vacancies unfilled.

These austerity-born jumps in productivity hold out clear benefits not only for the balance sheets of profit-minded businesses but for the viability of the American economy in an increasingly competitive world. The rub is that—in the absence of imaginative advance planning—they also hold out the prospect that the skills, energies and hopes of millions of unemployed workers will remain on the junk pile long after the gross national product starts climbing skyward again.

A return to "prosperity" in which everybody shares except the people is obviously something short of idyllic. That gap in current official planning makes it welcome news that there is an almost unnoticed group, appointed by President Ford under specific mandate from Congress, now working on ways to make a reality of the commitment to full employment which the nation adopted in the Employment Act of 1946—and then spent the next three decades forgetting.

The new group is called the National Commission for Manpower Policy and it was set up under the comprehensive Employment and Training Act, which President Nixon signed into law at the end of 1973. It is charged with responsibility for identifying the country's manpower goals and needs and assessing how much consistency or coordination mark the existing manpower programs on which tens of billions of Federal dollars are spent.

Partly because of Mr. Nixon's Watergate troubles and partly because of the distaste with which his Administration viewed the Congressional initiative for establishing a manpower commission, the former President never got around to appointing any members. It was not until Sept. 30 of last year, with Mr. Ford in the White House, that the agency got its 17 commissioners, headed by Prof. Eli Ginzberg of Columbia University.

An interim report just submitted to Congress offers at least a modicum of hope that the panel's recommendations will not wind up in the dead storage files, the customary repository over the years for the cerebrations of blue ribbon advisory commissions. Its first target for action is to send to Capitol Hill by May its thoughts on how the mushrooming new public service employment programs, which have become the Government's first line of defense against mass joblessness, can be restructured to assure permanent community dividends.

There is growing skepticism that the present practice of relying almost totally on the states and cities to sponsor emergency jobs will result in much more than the substitution of Federal money for local tax levy in paying for regular civil service functions—a kind of revolving door for moving people from one Government payroll to another while leaving the great bulk of the unemployed untouched.

Among the alternatives under commission study is the feasibility of a quasi-government corporation or a broad range of public, private and community facilities to stimulate quick creation of job opportunities. The range of its thinking is indicated by its warning that many aging automobile factories and their parts suppliers may never reopen after the recession, leaving Midwest automotive centers with long-term adjustment problems as painful as those that confronted New England textile communities when the mills moved South after World War I.

The panel is also reaching out to adapt to the American scene elements of the activist labor market policies used by Sweden, West Germany and France to achieve high levels of general employment without pushing inflation to intolerable heights.

The specific devices being reviewed include governmental subsidies to private employers for hiring the jobless or for instituting work sharing arrangements as an alternative to layoffs; a system under which corporations must save part of their profits in boom periods and release them to expand employment in downturns; and the use of credit, low interest rates and other incentives to spur depressed sectors of the economy.

At the President's own first meeting with the commission in January, Mr. Ford asked it to give particular attention to the transition of teen-agers from school to work, an area in which the United Sates unemployment record is worse than that of any other industrial nation. If the panel can make a lasting contribution in that field alone, it will have justified its existence.

Mr. BIDEN. Mr. President, I rise in support of the motion of the Senator from South Dakota to recommit, not because I agree with all the arguments he has made, but because if this tax bill does in fact go through as it is contemplated, we will be worse off than we are now. I will have several amendments, as I am sure many others will, to try t refine what I consider to be a detrimental rather than a helpful piece of legislation. But in the interim, if I have a choice of either recommitting now or going with what we have now, I would prefer to see the bill recommitted.

I wish to respond to some of the statements made by the very distinguished Senator from Indiana, who has a good deal more experience in this area than I. He quoted several paragraphs from an article, one of which stated that we need imaginative advance planning. I concur 100 percent: We need imaginative advance planning. I am wondering where that imaginative advance planning is.

I sit on the Committee on the Budget and the Committee on Banking, Housing and Urban Affairs; these are two of my committees. I heard testify, I think, along with the Senator from Tennessee, whom I see standing there, practically every economist who has spoken on the subject of the economy over the past 10 months. One of the things that worries the devil out of me is that I hear these economists talk in terms of 1932, 1934, 1938, 1957. I hear them talking about prior recessions and depressions. Yet I hear very few of them make the distinction between the situation we are in now and what brought us there and what brought us to that point in prior years. That is, we are dealing now with two major things that have caused our economic down-turn—at least two major things. They happen to be food and energy. None of this addresses itself to either of those subjects.

I think what we are doing now is that we Democrats are coming forward and trying to out-rebate the Republicans. I am not sure that that helps anybody, except to confuse the voter back home and make the voter back home think that somehow, we are talking about something that smacks of tax reform. I feel a little bit, in both of those committees, more and more like a conservative, rather than the liberal that I am portrayed as, because these arguments, that are being made, are being lost upon me.

If we examine for a moment the rationale for the rebate—and the Senator

from Arkansas (Mr. BUMPERS), who has been out front on this issue for the past several weeks, the only man that I know in the Senate who has been arguing about the propriety of the rebate and the economic soundness of the rebate, has been saying this. Others, I am sure, have been saying it privately. But let us examine what the rebate is for, and we will be speaking to that later.

Speaking to this recommittal, the rebate is supposed to spur employment, because it is supposed to get people to go out and buy the toasters, buy the irons, buy the durable goods that are going to put people back to work. Yet every study, and there are three that I know of—maybe more—that has been done on consumer attitudes—and the Senator from Indiana is correct, confidence is the question—indicates that the voter, the person receiving the rebate, is not going to be in a position or be inclined to go out and buy those durable goods. He is going to need that rebate, if he gets it at all, to pay for his increased energy bill, and to pay for his increased food bill.

I asked Mr. Greenspan not long ago, when he was testifying before the Committee on the Budget, as to the need for the rebate, whether or not, if the rebate does not go into durable goods and if the rebate merely goes to paying off existing outstanding debt, to increased energy costs, and increased food cost, will it have an effect or will it be worthwhile?

He responded, "no," it would not have the impact for which it was designed.

I submit that if, in fact, the legislation which we are fashioning here today and the pieces of the specific aspects of that legislation—the rebate, the oil depletion, whatever particular point in this package is raised—if it does not accomplish the purpose for which it is stated to be in that bill, then it seems to me we should reexamine whether or not it should be in the bill. It turns out that what we are doing here is, as I have heard some of my colleagues say, is saying, my Lord, we cannot back off a rebate now. I hear others of my colleagues say in effect—this is just a start; $30 billion is just a start.

Well, we are talking about a deficit that is going to be in excess of $80 billion. It may be as high as $100 billion. How are we going to go out there and spur employment at a time when we are putting Government into that same capital-short market to compete with industry, which is going out there now to compete, because interest rates are beginning to lower? Once we get out in that market, it seems to me we are going to do only two things: No. 1, Government is going to dry up that liquidity that we think is out there; No. 2, interest rates are going to be driven up in competition for that capital; No. 3, business is not going to go forward and expand; and No. 4, people are not going to get jobs.

If the whole purpose of this——

Mr. HARTKE. Will the Senator yield?

Mr. BIDEN. Yes, I yield.

Mr. HARTKE. Does the Senator realize that as long as unemployment continues at its present rate, there is no way of getting out of that deficit?

Mr. BIDEN. Absolutely; I agree.

Mr. HARTKE. Does the Senator realize that the cause of the deficit is not the spending, but the cause of the deficit simply is that the people are not working and, therefore, they are not paying taxes? If we had a 4-percent unemployment rate, we would have a $17 billion surplus instead of this deficit we are talking about.

We can cut tax rates and increase tax revenues. We have demonstrated that time and time again. I do not see any reason why, simply, if we are going to vote a $30 billion tax cut, we have to say that is going to cut the revenue $30 billion. The anticipation is that the gross national product will increase sufficiently to make up the difference, and more. I think it will.

Mr. BIDEN. If the Senator will yield, I should like to know who anticipates that.

Mr. HARTKE. I do.

Mr. BIDEN. All the economists who spoke—I mean besides the distinguished Senator from Indiana. .

Mr. HARTKE. This was done with what is called an econometric system——

Mr. BIDEN. That has not been right in the last 9 years.

Mr. HARTKE. I do not know whether it is right, wrong, or indifferent. I was here in 1964, and I was one of the advocates for the tax cut at that time. I said the net result would be that it would increase revenues. It increased revenues by almost four times. I can say we have not had a tax increase since that time, except the social security taxes.

I remember when President Johnson had that great midnight struggle with the Sears, Roebuck type Federal budget, trying to get it below $100 billion for the first time. That has been just a short 10 years ago. We did not increase the taxes to increase the revenue. But the revenues have skyrocketed since that time to where they are almost $250 billion a year, simply because the gross national product has skyrocketed up to a trillion $500 billion dollars. That is the difference.

Mr. BIDEN. If the Senator will yield——

Mr. HARTKE. If the Senator wants to follow that old strangulation theory—in other words, that we cannot do it, which is the thesis of Senator MCGOVERN and I think, unfortunately, is the thesis of the Senator from Delaware, if we are going to say the United States has reached the end of the peak, then let us go ahead and cave in and go back to the woods. And I will get my cow and my chickens again, as I did when I was a child, and go back to that type of living.

Mr. BIDEN. If the Senator will yield, that is not what the Senator from Delaware is saying. The Senator from Delaware is trying to prevent the Senator from Indiana having to go back to his cows and chickens, because it seems to me that if we go ahead with his proposal, we are going back to 1964. It is certainly unimaginative.

But the Senator from Delaware is suggesting that we in fact go forward and make significant spending proposals with regard to specifically targeted areas. For example, the Senator from Delaware, along with many others, has suggested that, instead of spending $8 billion now—in effect spending by not collecting on the rebate, or returning the rebate to individual income taxpayers, which the economists that I have spoken to and the people that I have come in contact with indicate will not accomplish that for which it was designed—why not take that $8 billion and pump it into housing? Why not take it and support Senator BIDEN's bill, which says there are going to be interest rates subsidized at 6 percent?

Mr. HARTKE. I shall help him with that.

Mr. BIDEN. I thank the Senator.

Mr. HARTKE. I am not against that. I am willing to help the Senator from Delaware on a number of things. The fact remains that if we do not do something now—I am telling the Senator, we have a desperate group of people out there. As far as they are concerned, they are looking for this tax cut.

They are looking for it, not alone for the economic effect but for the psychological effect.

Mr. BIDEN. I think if we talk about permanent tax cuts, they are looking for it. I think they are looking for permanent tax reform. I think they are looking for the elimination of things like the depletion allowance, and making the minimum tax a minimum tax. I know that the Senator from Louisiana supports most of those things. I think he has been in the forefront of most of this tax reform legislation.

But I am not ready to go forward with a $30 billion tax reduction, which will not accomplish the purposes for which it is designed, unless this Senator is assured that we are going to take care of the tax reform side of this budget, and that we are going to accomplish the effect for which the expenditure is designed: to increase employment.

I recall my first experience last year of watching how legislation goes through this body at the end of a session, or prior to a recess. It scares the living devil out of me that I will get caught between the rock and the hard spot, and that those who are more adroit from a legislative standpoint and perhaps from an intellectual standpoint will prevail, and before this young Senator knows what is happening, I will end up with a $30 billion tax package that does not accomplish the end for which it is allegedly designed, without any of the tax reform which is needed, and without directing itself to those aspects of the economy to which the economists I have talked to uniformly agree would be the better way of spurring the economy, and have a better effect on tax reform and a better effect on the confidence factor in the American people.

Mr. HARTKE. Mr. President, if the Senator will yield, he will have a chance to vote on the elimination of the depletion allowance, which I have been sponsoring for 4 years.

Mr. BIDEN. I know the Senator has.

Mr. HARTKE. He will have a chance to vote on the elimination of the present

policy of tax deferral on foreign source income, and its repeal. I mean that was locked out in the committee, and that is something I have favored for 4 years.

We will have a chance to vote on a windfall profits tax, which President Ford indicated to me last night he supports, and see if the Senate will support it.

I listened to the Senator talk about doing something about housing. I think the provision I introduced which provides for the investment tax credit for housing should not have included used housing, and I do intend to eliminate that provision, which will also cut down a part of the revenue cost of this bill.

We will not, of course, cure everything with this measure, but I hope we can cure the spirits of the people, who are looking forward to this tax cut, because that spirit can be killed, and there is not an awful lot of spirit left in this country to look forward with anticipation to a progressive society any more.

Mr. BIDEN. Mr. President, if the Senator will yield, I agree that I do not want to kill the rekindling of that spirit; and I am sure that the passage of this measure would kill it.

I am sure of the persuasive ability of the Senator from Indiana, and I am sure in time it will prevail. But I have also lately adopted a new theory—which I will probably change 10 times in the next 3 years I am here—which is sort of like a football philosophy: "Jack, I don't want to see you get yours before I get mine."

Before I vote for a measure like this, I want to be assured that I have won first, and that I have some of those assurances locked in. From now on, when in doubt I vote "No." Because it does seem to me that until I get it in hand, I do not know anyone more persuasive than the chairman of the Committee on Finance of which the Senator from Indiana is a member. I am afraid that by the time he has finished he will convince me that oil depletion will assist my chicken farmers, that everyone in this body who is a farmer has oil under his land, and that this is really a farm bill.

It really disturbs me that that might happen. All I am saying is that before I vote into law something I am convinced is not going to work, I want to be assured that we will have a little bit in hand first.

I will admit that I am not quick enough to follow that pea under the shell. Before all this gets going, I am going to pick up that shell; and there will be no pea under there. There will be no oil depletion allowance, no minimum tax legislation, and no other significant tax reform, and I will walk out of here and have to go back home and say, "You know, folks, I tried this time, but I am only a young fellow, only been there 2 years." I will have to go back to that old argument again.

So I figure now that I better darn well have it in hand first, before I vote for it. I am not going to give them any of theirs before I get mine. I am sure I am whistling in the wind, and that I will not prevail. But in my last gasp, for the time being on this particular amendment, I would like to sum it up by saying, first, I think it will diminish confidence. No. 2, I think it will have the effect of assuring that we do not get anything else this year. And No. 3, I think we will be in a position where, next time when anyone from ALAN CRANSTON to BILL HATHAWAY or any other Senator interested in social legislation, stands up on the floor and says, "We need such and such for education," they are going to hear the rebuttal. "How can we tolerate that? We have got a $30 billion deficit."

We need tax reform and we are going to get that tax reform. I am sure it will come. I see the Senator from Louisiana is smiling. I think he is the single most persuasive man I have ever seen in my life. I say that sincerely. He worries the devil out of me. I am afraid that when he starts talking with me, by the time he gets finished, I just know I am going to be voting for something I should not be voting for, and walk out of here thinking I just won, and I will get about halfway up to Wilmington on the Metroliner and say, "Wait a minute, I do not have any oil wells in my State," or, "Wait a minute, this is not going to benefit my State," or "Wait a minute, what did I just vote for?"

I simply make the point that I think it is likely to happen. Maybe my colleagues are more adroit than I, and know how to follow that pea under the shell. Maybe they do not share my point of view that we need to know what legislation is in order to know we are going to get good legislation.

But since I do not see it in this tax reduction act we have before us now, I am going to vote to recommit that bill. Unfortunately, I will probably be standing up time and again on this bill. I will try my best to stop it.

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

Mr. BIDEN. I yield to the Senator from Louisiana.

Mr. LONG. I hope the Senator does not judge me by sentences he reads out of context. I did suggest to him here that he did not need to know the answer to his question to vote, because I was convinced that the Senator would be against the measure no matter how I explained it to him. I was convinced there was no way on Earth that I could convince him to be for it. I was trying to get this bill out here so that the Senator could make his speech.

Let me compliment the Senator from Delaware on his eloquence. He is enormously persuasive. I am not exactly sure what he is trying to persuade me to do, but whatever it was, he made an enormous impression, and I am persuaded that if there is any merit whatever in his position, I will vote that way.

Mr. BIDEN. Mr. President, I am not sure what the Senator from Louisiana has said, but I feel good. I have a good feeling inside. I am going to go back home and sit down and tell my mom that I stood up on the Senate floor and made this speech, and the chairman of the Committee on Finance said it was an eloquent speech. Then my mother, who is a little more adroit than I, will say, "Did you win, son?" And I will say, "I do not know, Mom, but it was certainly a good speech."

I yield to the Senator from Arkansas, and then I will sit down.

Mr. BUMPERS. Mr. President, I have asked for this time simply to make a few comments, and to express my complete support for everything the distinguished Senator from Delaware has said. I only regret that his mother is not in the gallery today, to have heard what I think is one of the most persuasive and eloquent presentations I have heard articulated since I have been here.

He hit a sensitive nerve with me a moment ago when he said something about people's confidence.

To those of us, most of us, who are congregated in this corner, who just came out of rather hard-fought elections this past year, I would say that it is our belief—and I have talked to these colleagues about it—that there is a new feeling of responsibility on the part of the voters in this country that is unique in our history. The votes that I intend to cast here regarding this tax bill are going to be in response to what I think the American people expect out of this deliberative body, and that is that they are not looking for a handout.

It is my belief that every man and woman in this country who believes that forgoing a $100 or $200 tax rebate would improve the fiscal integrity of this country, that would strengthen the dollar, that would prevent another inflationary spiral, and that would keep this country from returning to its present condition in spades 3 or 4 years down the road, just as this medicine has brought us to this point, would be more than happy to forgo a portion of the tax cut, all of the tax rebate.

I furthermore think that that kind of responsibility on the part of this body would display to the American people that Congress has begun to recognize its duty and its responsibility, is going to live up to it, and that ingredient called confidence is the most seriously deficient ingredient in America.

The Senator talks about who is going to spend money—deposits in savings and loan associations in this country have been soaring; bank reserves are the biggest they have been in 7 years. That means that there is consuming power out there, but people are very apprenhensive about what Congress is going to do to solve the economic distress of this Nation.

We have begun to, and we have come to, rely on deficit spending in this Congress as a drug, and if we say $50 billion very quickly it does not sound like much, and that encourages us to say $60 billion or $70 billion. So the first thing we know the whole thing is out of control.

I know that there must be some deficits occurring this year in order to stimulate this economy and turn it around, and every man in this body is dedicated to that proposition.

What I am saying is that we do not have to abandon our senses. We can be very selective and make certain that the tax dollars we spend are going to do precisely what we wanted to do, and that

is to stimulate the economy and put people back to work.

In my opinion, that $8 billion that we are proposing to spend in the form of a tax rebate will not do it. I have not talked to an economist who does not admit that the effects of such a refund will be very, very minimal and insignificant.

I agree again with my distinguished colleague from Delaware (Mr. BIDEN), when he says put it into housing, subsidize interest. We may, before the end of the summer, which we had put it into the unemployment compensation insurance trust fund to extend unemployment benefits to those people who are unemployed.

I could go on and on with projects I think we ought to be spending money for that, in my opinion, have a much greater impact on the economy.

I personally believe that the American people would take more heart in this body's showing that it has determined itself to be more fiscally responsible than it has in the past. That confidence factor alone will do more to turn the economy around than this $8 billion we are getting ready to spend.

I thank the Senator from Delaware for yielding for this short period of time.

Mr. BROCK. Mr. President, we have a rather remarkable exercise going on in the Chamber right now. We have the blending of the right and the left. The Senator from Delaware and the Senator from Arkansas, the Senator from Tennessee all in fundamental agreement on what is, I think, a very fundamental problem.

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

The PRESIDING OFFICER (Mr. ROTH). Does the Senator yield?

Mr. BROCK. Yes.

Mr. FORD. Who is the Senator painting the broad brush for in his statement about the left and right?

Mr. BROCK. Whichever side of the room the Senator is on. I do not want to judge philosophically now, but it does not matter. We are all on the same side of the issue.

Mr. FORD. I want to be sure which side the Senator is painting, and I want to know which side is right or left.

Mr. BROCK. The Senator can be on my side. He can call it what he wants to. But I am delighted to have his help.

I think it is important to stress the point that was made by the Senator from Arkansas about public confidence. Sometimes I think we misjudge the American people. We underestimate their basic commonsense and wisdom.

There are an awful lot of people in this country who wonder how much of a favor we are going to do an unemployed man by giving him a tax rebate instead of a job.

There are an awful lot of people out there who wonder how you can rebate taxes you do not have. As a matter of fact, we have taken in the taxes of the American people in the last year and expended them, and then added $25 billion or $30 billion more on top of that.

It is a fair question to ask. What is there to rebate? What is there to give back? What we really are going to have to do, if we pass a tax rebate, having already gone into a debt situation, is to go to the American people, borrow the money from them, bring it to Washington, take our cut, send them back the residue, and say, "Look what we have done for you lately." That is hardly an exercise in leadership as far as I am concerned.

I understand the logic of the tax cut, and I understand the logic of stimulation and the intent. But I also understand that the American people are much abused by a Congress that has refused to accept the responsibility for the last decade, a Congress that in 1965 agreed with the President of the United States that we could have both guns and butter, and we did for 10 years, and bought them both on credit to the point that today we have run down to the bottom of the barrel.

We do not have any flexibility left. We have strapped the economy of this country down with wage and price controls, with regulations, with taxes, to the end where profits are half what they were in real dollars in 1964.

Personal savings may be at an alltime high in terms of inflated dollars, but they sure are not in terms of purchasing power. Now we are faced with a situation where the Secretary of the Treasury said on yesterday that the minimum deficit this country could look forward to in the fiscal year of 1976 was $80 billion. He testified before the Committee on Finance, as I am sure he did in the Banking Committee earlier this year and, at that time, he said that if we had a deficit of $52 billion that would absorb, together with State and local debt, 83 percent of the capital formation of this society.

I asked him what would happen if we went over $75 billion, would it take 100 percent, and he said, "Yes."

Now, we are at $80 billion and going because Congress has refused to cutback on any significant amount of funding, and it balloons the tax cut from $16 to $19 to $21 to $29 billion, and it is going through the roof.

Somehow, someday, there comes a time when you have got to pay the piper. You cannot continue to do this to the American people. We have no right to defraud them by saying to them we are going to give them a tax cut when, in fact, we have to borrow the money from them to give them the very cut that we intend to rebate, and say, "Look what we are doing for you."

Where is it, this sense of responsiveness and responsibility? Where is the honesty in presenting to the people the real choice that we, as a society, face?

When small business cannot get working capital to restock its shelves, it is hard for them to participate in an economic recovery. When a homeowner cannot get a loan to buy a house, where is our potential for recovery of housing? When a wage earner cannot get a loan to buy a car, where is the potential for the recovery of the automobile industry?

The fact of the matter is that unless we in Congress decide to accept the responsibility, that is not apparent in any part of this Government today, to put our house in order, to remove this burden from the American people, this recession is going to become something a great deal worse. We are on an economic roller coaster. If we want to stimulate with short-term devices, as we would stimulate a heroin addict with another shot, we can postpone the misery and increase the damage.

That is exactly the position we find ourselves in today.

I disagree thoroughly with a good percent of the logic of the Senator from South Dakota in offering this amendment with regard to substituting public expenditures for private. I think we have gone too far down that road already. I think the American people have a far greater wisdom as to how to spend their own money than Congress, the administration, or anybody else in Government.

But the Senator's amendment does not say who spends the money, it simply says we cannot spend as much as we have proposed because we cannot afford it.

We cannot afford it with respect to the earnings of American people, we cannot afford it with respect to their savings, we cannot afford it with respect to those on fixed income, or social security, or retired and who have no flexibility in terms of their income situation.

We will debate later on in the year whether or not we should have public service jobs—as we should. But for goodness sake, please keep this debate in the context of where we are as a Republic with regard to the dollars and cents that Americans have worked for 200 years to create.

Let us keep it in the context of a potential defrauding of the American people to the extent of an $80 billion deficit which faces us with as much as 20-percent inflation or high interest rates, or both, and a commensurate degree of recession, because that is exactly what must follow that kind of irresponsibility.

Mr. President, I congratulate the Senator from Delaware. I am very grateful that he has this concern, and I appreciate the effort that he is making.

I do not think ideology is involved. I do not think party is involved. I think the American people are desperately involved, and I think that we owe them something more than a hoot and a promise which will cost them enormously.

Mr. BIDEN. I thank the Senator very much for the compliment.

I would like to point out that I do not think ideology is involved. A fellow, Alf Landon, running against a good old Democrat, FDR, in 1936, said that to be a liberal you need not be a spendthrift.

So, I do not think it breaks down to liberal-conservative. I am labeled as a liberal and I am very proud of it and the Senator and I have different ideology with regard to certain programs. We have been on the other side of issues on the Banking Committee a number of times, but I do not think this breaks down.

Again, to be a liberal one need not be a spendthrift, and I think what we are talking about here is what is economically sound and fiscally responsible and what will get people back to work, and I do not think this will do that, and I do not think it has anything to do with ideology.

Mr. BROCK. I thank the Senator.

Several Senators. Vote, vote, vote.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. CURTIS. 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. HATHAWAY. 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. HATHAWAY. Mr. President, I ask unanimous consent that a member of my staff, John Craford, be allowed privileges of the floor during the debate and vote on the pending bill and amendments thereto.

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

Mr. HATHAWAY. 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. JAVITS. 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. JAVITS. Mr. President, I ask unanimous consent that Charles Warren and Frank Ballance, of my office, may have the privilege of the floor during the debate on the tax bill.

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

Mr. JAVITS. 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. CURTIS. 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. CURTIS. Mr. President, I wonder if the distinguished Senator from South Dakota will be so kind as to answer a few questions concerning his proposal.

What does the motion to recommit call for?

Mr. McGOVERN. Mr. President, I will say to the Senator from Nebraska the motion to recommit would send the bill back to the Committee on Finance with instructions that they bring in a new bill within 2 days' time, and that the total tax cut provided in the bill would not exceed $19.9 billion, which is the figure in the bill reported by the other body.

Mr. CURTIS. In other words, the motion to recommit would lower the amount of the cut by about $10 billion, but asks the Committee on Finance to work out a bill within those limits?

Mr. McGOVERN. The Senator is correct. It does not in any way beg the question as to what the Committee on Finance should do, but it simply, as the Senator said, calls for a reduction in the amount of the cut of approximately $10 billion.

Mr. CURTIS. Are there any further directions in the motion?

Mr. McGOVERN. There are not, other than the provision that the revised bill come back within two days' time.

Mr. CURTIS. The distinguished Senator has made available on our desk, an explanation and the purpose of the amendment.

The purpose sets forth the Senator's position in favor of increased spending for a number of programs.

May I ask, are those programs set forth in the motion, itself?

Mr. McGOVERN. Absolutely not, I will say to the Senator. It leaves every Senator with the freedom to proceed as he sees fit on the question of what the level of Federal spending should be. It does not in any way restrict the Senator's freedom in that area.

Mr. CURTIS. In other words, if a Senator felt that the amount of tax reduction in the committee bill was too high, he could vote for the motion to recommit, presented by the distinguished Senator from South Dakota, without committing himself to increased spending?

Mr. McGOVERN. The Senator is correct. I simply wanted the Senators to have the benefit of my own position, my thinking on the matter. I personally think we need additional public investment. But that view is not contained in the language of the recommital motion. The Senator could vote for this amendment with complete confidence that it in no way limits his ability or his capacity to resist additional Federal spending if he were opposed to it.

Mr. CURTIS. I thank my distinguished friend.

Mr. President, I shall vote for the McGovern motion to recommit. I do that because I am concerned about the solvency of the U.S. Government.

The President recommended a tax reduction of a lesser amount than carried in the motion by the Senator from South Dakota. But I believe that here is a chance to cast a vote in favor of $10 billion less in tax cuts than was provided by the Committee on Finance.

Mr. President, as of March 12, the total public debt outstanding was $505,559,000,000. The estimated deficit for the year ending July 1, 1975—that is fiscal year 1975—is $45 billion.

The estimated deficit for fiscal year 1976 is $80 million.

Mr. President, the $80 billion estimate is too low. If past speed of this Senate for increasing appropriations, if the past track record for voting new programs with new obligations, is any test, $80 billion will be a small figure for our projected deficit.

Mr. President, others can choose to take the risk of an $80 billion or a $100 billion deficit, but the junior Senator from Nebraska wants to be counted out.

If we want to restore confidence in this country, if we want individuals to make decisions to invest, if we want individuals to make decisions to build, if we want individuals to make decisions to back a business enterprise, the greatest thing we could do would be to set our own house in order.

I believe, as does the Secretary of the Treasury, that inflation, which is the major cause of our recession and which is caused primarily by deficit financing, is our real difficulty.

Within the last 10 days, the Secretary of the Treasury said this:

> More than anything else, it is inflation which has created our current recession. Inflation destroys consumer confidence, investor confidence, and public confidence in the ability of our government to perform its obligations.

Mr. President, if I had faith that there would be a reduction in expenditures, I might be able to doubt my own judgment and say, "Let's give this tax reduction theory a chance to work." But that is not going to happen.

What did we do on the President's request for rescissions? He was overruled. What have we done on other programs?

The food stamp program is a disgrace. Individuals with incomes of $10,000 are getting food stamps. Landlords with several houses to rent are getting food stamps. Yet, we have done nothing to curtail the expense, which was a third of a billion dollars 10 years ago. Today, it is about $4 billion.

The President of the United States could not revamp the law. He had only one choice, and that was a choice that Congress delegated to him. They said, "You cannot raise the cost of the stamps up to 30 percent of the recipient's income." He did that. What did Congress do? They slapped him down.

We have more social programs now than anybody could enumerate. Yet, what are we doing right now? There is advocated in this Congress a bill for free medical care to the unemployed. No one has raised the question, "Are there some people unemployed who have ample resources?" No one has raised the question, "Do you have programs now to give medical services to people who have no income or resources?"

It is just a chance for more political aggrandizement on the part of the promoters. Let us face it: The people back home are not advocating more Government. They wish we would get the Government off their backs. These new programs come along as promotions for politicians who want to attract attention and pretend they are giving something away. Yet, when the President of the United States wants to make a modest reduction in food stamps, he is slapped down by both Houses of Congress.

Mr. President, we are also debating in this Congress national health insurance. We have a program for the elderly; we have a program for the poor. It is called medicaid. Now we are proposing health care for people who are neither poor nor aged, at a time when we are facing a deficit of some $80 billion to $100 billion.

We need to reduce many expenditures. We cannot do it just by practicing economy here and there. We have to decide to do away with some existing programs. We have to decide to have less government. Foremost of all, we cannot go on adding and adding and adding to government.

In the various committees, there are now proposals for many multibillion dol-

lar programs; and in face of a threat next year of a deficit of $80 billion, here we are shutting off the income. That will not fool anybody back home.

If we want the economy of our country to move forward, let us send the word out that we are going to balance the budget, that we are going to curtail the growth of government, that we are going to establish some priorities, and that if something is not in the broad national interest, it will have to be discontinued. If we do that, this great private enterprise system of ours will move forward.

Individuals save money when they are frightened. Why is it that all around the land, savings deposits have increased in recent days? It is because the people back home do not trust us. They do not know what will happen tomorrow. If we can restore confidence in the Government of the United States, in the sovereignty of the United States, in the intent and the ability of the Government to pay its bonds when they are due, this economy will be the recipient of the confidence of men and women all over the land.

Mr. President, if I were offering the motion, I would go further. I disagree with the distinguished Senator from South Dakota in his reason for offering it. I shall support it—not for the purpose of making more money to spend, but for the purpose of doing a little toward lesening the deficit of the U.S. Government.

I hope that the motion to recommit and to reduce this tax cut by $10 billion will prevail.

Mr. NELSON. Mr. President, will the Senator from Nebraska yield for one question?

Mr. CURTIS. I am happy to yield.

Mr. NELSON. Will the Senator agree that if the motion to send the matter back to the Committee on Finance prevails, we will be unable to get the bill back on the floor of the Senate until tomorrow, and that means we will not finish the bill this week, that we will be in session next week, and that we should advise the Members that we can just forget about the recess? Does the Senator agree with that?

Mr. CURTIS. I agree that that is totally insignificant. The thing I am afraid of is the risk of an $80 billion or a $100 billion deficit. If one is rushing toward a heart collapse, why hurry? And why do we need this bill passed before the recess? If it is not passed for 5 years, it will be all right with me.

Mr. NELSON. I expect to be here all the way through, and so far as I am concerned, we can be here every day. I think it is all dilatory nonsense, because if it is sent back to the Committee on Finance, it is going to come back in roughly the same form, anyway. The issue will have to be settled with the House of Representatives. We might as well get on with the business.

Mr. CURTIS. I believe that the Committee on Finance is a responsible arm of the Senate; and if the Senate directs us to hold the cut down to a certain figure, that will be a mandate that will be observed by the committee.

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

Mr. CURTIS. I yield.

Mr. BROCK. Mr. President, I point out that there is no reason at all for the Senator from South Dakota's motion to delay us. As a matter of fact, it might expedite the process of the Senate, because we could go back, write a clean bill, and bring to the floor something simple, something that could be presented to the House with very little disagreement, and it could be enacted. That is the intent of the whole exercise. That is what every witness said who was before the committee. We are not arguing so much about size; we are arguing about speed.

It seems to me that the alternative to not taking this particular action could result in far more delay than this particular course of action.

Mr. CURTIS. Mr. President, before I yield the floor, I want to make one other observation.

I see in the Chamber my distinguished friend, the chairman of the Committee on Appropriations, an individual who has devoted long hours and days, week after week, to trying to hold down the expenditures of this Government. But I daresay that if we keep on adding programs and mandatory directions for spending, the distinguished Senator will continue to fight a losing game.

We cannot have expensive Government and then hold down the expenses of Government. We have to make a decision for less Government.

Mr. President, I yield the floor.

Mr. PASTORE. Mr. President, I wish to address myself to the distinguished Senator from South Dakota, but as a predicate to my asking him a question, I think it becomes quite clear, after the speech by the Senator from Nebraska, that they go along with his reduction of the amount, but they do not go along with the purposes for which he is making his motion.

I understand that the Senator from South Dakota is quite disturbed by these gimmicks, by the concessions that are being made to various large conglomerates, allowing them to stretch out their deductions under the income tax law because they seem to be in some state of financial instability.

Is that correct?

Mr. McGOVERN. I mentioned that to the Senator simply because I think that that is one example in the legislation that bothers Senators who are interested in a solid tax bill, rather than special concessions to particular companies. That is not my basic objection, however, to the legislation, I say to the Senator.

The basic case that I made earlier today is that I think we need a twofold fiscal stimulant. We need the tax reduction in the range of what I have proposed here in this recommittal motion.

Second, I want to allow us some freedom, if the Senate thinks it is wise to do so, for public investment in other things—in transportation and energy, as examples. I say to the Senator in all candor, I am not especially concerned about the particular provisions of what the chairman of the Senate Committee on Finance mentioned; these matters are simply a secondary consideration. What I am concerned about is that I think a $30 billion tax reduction virtually forecloses the possibility of the Senate approving any substantial public investment in other areas.

Mr. PASTORE. May I ask this question: What if the bill is reported out at $19.9 billion that he suggests, but at the same time, within the $19.9, they have all these gimmicks for these conglomerates? Then where are we?

Mr. McGOVERN. I hope that they will not do that.

Mr. PASTORE. Well, I hope that this motion can be modified in that respect, because what is going to happen here is that all those who are against the purposes of the Senator from South Dakota are going to vote on his motion, because the Senator has not stated as a basic part of his motion the purposes that he is trying to accomplish. So what they are going to do is go ahead and get a $19.9-billion bill, then end up with all these gimmicks to the conglomerates.

Mr. McGOVERN. I hope, I say to the Senator, that they will not do that. We have had considerable discussion about it on the floor today, in which we have raised some questions about some of the things in the bill. I just felt it was very difficult to rewrite the bill here, on the floor, and that it would be better for those of us who have questions about it to raise those questions on the floor, then to give the committee some guidance as to the overall size of the tax cut, in the hope that they will come back with the high-priority items in the bill, rather than what the Senator has referred to as a series of gimmicks.

Mr. PASTORE. I regret to say that the Senator from South Dakota is going to be a little disappointed, once this bill is recommitted for the $19.9 billion, because I think many of those who are going to vote for his motion, within that $19.9 billion are going to include all these gimmicks. Insofar as the poor taxpayer is concerned, or the one in the low- or middle-income group, he is the one who is going to get it in the neck. And all the money is going to go to Pan Am, it is going to go to A.T. & T. and all the other conglomerates. That is what they are going to do to him.

Mr. McGOVERN. I say to the Senator that I am opposed to that. I hope he is wrong on that. I would certainly join with him in urging the committee, if we give them this bill to reconsider, to take out the Mickey Mouse features of the bill and to give us a more solidly conceived tax-reduction bill.

I think a good many Members of the committee have questions about it and certainly, putting a ceiling on it of $19.9 billion will help bring about a more thoughtful and serious consideration of the content of the bill.

Mr. LONG. Mr. President, if the Senate just wants to waste 2 days, the Senate can vote for this motion, because that is all they are doing if they do this, just voting to waste 2 days, fiddle while the Nation burns, as I see it.

What do we have before us now? We have a bill for $19 billion. That is the House bill. Now, there is a Senate committee amendment that will be offered. If we do not want to vote for the committee

amendment, just vote it down and that is what we will have, a $19 billion bill.

An amendment is being offered at this moment by the Senator from California (Mr. CRANSTON) to a $19 billion bill that actually picks up revenue on the overall. So we actually have the effect of gaining revenue for the Treasury. That would reduce the tax cut by a few hundred million dollars. That has to do with the investment credit and the depletion allowance for oil and so on. If the Senate votes to recommit and take 2 days to get back here what we are voting on right now—just 2 days to get back to where we are right this minute—we have then voted for a 2-day waste of time. I do not think the Nation can stand that kind of statesmanship. I think this Nation wants action.

I do not know whether our colleagues on the Republican side of the aisle are being urged by the White House to vote for a 2-day waste of time, but if they are, it would be very inconsiderate, and I do not think very wise at all, for those acting in behalf of the President, or perhaps the President himself, to be making speeches stressing the need for urgent action. and to be urging his people to vote for a 2-day waste of time. If we want a $19 billion bill, that is what the House sent us and that is what we are voting on right now. All we have to do is vote down the committee amendment.

Now, suppose we do recommit and report back. Then I assume that with a $19 billion bill, we would proceed to vote on all the same amendments that we voted on in the committee, except for one difference: thinking that the Senate was anxious to act, being under the impression that there was some urgency about this matter, I pressed Senators to vote. I am quoted as though I am being irresponsible and pressing someone by saying to a Senator, who I knew was going to be against an amendment, "Senator, you do not need to know the answer to that in order to vote," because I knew the man was going to be against the amendment regardless. He did not need to know any more about it to know he was against that amendment. We got the bill out here so that the Senate could act on it.

Now, we bring it out on the floor, with that same amendment, and to satisfy that same Senator might take, for all we know, as much time as we are going to take on this. This Senator thought we were going to vote in a half hour—10 minutes on his side, 10 minutes on the other side. Here we are at 3:15 in the afternoon. We have been at this for 4 hours. and we are still arguing whether to recommit for 2 days in order to get back before us the same $19 billion bill we are voting on now—just a complete waste of time.

Mr. President, I want it known that I do not have anything to do with this. I heard that there is going to be a filibuster and I am supposed to be urging it. I dissociate myself with those stalling tactics. I want it known that I want to vote. I want to come to some kind of conclusion and find out what it is that the Senate would like to do—march up the hill, down the hill, or just stand still for 3 days and wait for something to happen. But I think that the logical thing to do would be to vote on what we have.

Suppose the amendment of the Senator from South Dakota is agreed to. We report back in 2 days. It does not take more than one soul who is not happy about what we report then to proceed to object and make us go over another day before we can take it up. So that is 3 days wasted. By the time we get through arguing, what will we do?

We will then proceed to vote on everybody's amendment. Anybody who has an amendment that has enough support, who can muster support, will offer an amendment all over again and ask the Senate to consider it. And we will vote on it all over again.

Then we will vote on that all over again.

I simply urge the Senate to get on with its business, and not waste time recommitting the same thing we reported. If the Senate recommits that and orders us to report it again, take out those amendments, at least, and then we will know what we are to do.

I have seen the Senate do some very unusual things. If they want to instruct me, I will attempt to follow every instruction. If they say, "Stand on your head," I will try to do that, though I have never succeeded in doing it in my life. But I will try it.

I would think, when the Senate has a $19 billion bill pending, it would vote on that, either vote down the committee amendment or pare down the amount of the committee amendment, but to waste a day trying to waste 2 more days, it seems to me, is the kind of thing the people of this Nation cannot understand. So I would hope, Mr. President, that we would continue to legislate on this bill.

Mr. McGOVERN and Mr. PASTORE addressed the Chair.

Mr. LONG. I yield first to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, with reference to the provision in the bill that provides tax relief to companies with large losses—may we have order?

Mr. NELSON. Mr. President, I cannot hear the Senator from Rhode Island. May we have order?

The PRESIDING OFFICER. The Senate will be in order, and also the galleries. Occupants of the galleries will not respond to the statements of Senators. The Senator may proceed.

Mr. PASTORE. The bill that has been reported by the Senate committee provides for tax relief to companies with large losses by allowing an extended net operating loss carryback in lieu of the regular carryback and carryforward period provided in the present law. Was that contained in the House bill?

Mr. LONG. No. That is a Senate committee amendment, and the Senate can do whatever it wants to about the amendment.

Mr. PASTORE. In other words, if the bill is returned with the figure of $19.9 billion, and this provision that I have just referred to remains in the bill, how much will that take away from the individuals?

Mr. LONG. I ask the Senator to let me just explain the parliamentary situation, if I may. What the Senator has before him right now is the House bill, and it does not have that in it. The House bill is just what the House sent to us. That amendment is not in there.

If the Senator does not want to add that amendment, I would urge him to vote against the amendment.

Mr. PASTORE. That is not the point. If we vote for this House bill now, we are voting for the elimination of the oil depletion allowance; is that correct?

Mr. LONG. Well, we are voting for it if——

Mr. PASTORE. Is it correct?

Mr. LONG. Yes, we are voting for that if we do not amend the bill.

Mr. PASTORE. That is right. In other words, if we vote for the House bill, we are also voting for the oil depletion allowance?

Mr. LONG. To eliminate the oil depletion allowance.

Mr. PASTORE. And we are not voting for this tax relief?

Mr. LONG. That is right.

Mr. PASTORE. That is all I wanted to know.

Mr. LONG. If we vote for the House bill just exactly the way it stands, we are doing that.

All I am saying is, if that is what Senators want to do, if they do not want to agree to the committee amendment, then they can save 2 days by not agreeing to the committee amendment.

Mr. PASTORE. I realize that.

Mr. LONG. I yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I simply wanted to respond to the argument the Senator is making about the delay on this bill.

As the Senator knows, I was ready to vote at 1 o'clock. I asked for 10 or 15 minutes to discuss the merits of this proposal, and I think it is very simple. I was ready to have the rollcall more than 2 hours ago.

As far as delaying the legislation is concerned, the Senator does not have to hold this bill for 2 days in his committee. If he can report it out with modifications in 2 hours, I have no objection to that, and there is nothing in the terms of the recommittal motion that requires that they hold it for 2 days.

I am convinced that if we had come to the floor with a sweeping amendment to reduce this bill and to spell out in detail how it was to be done, to bring it down to a total of $19.9 billion, the Senator would have been here on the floor saying, "For days we studied all of the provisions of the tax code, and now a handful of people are proposing to write the bill here on the floor."

I thought we were acting in a responsible way in giving the committee general guidance as to the level of the tax cut, and then trusting the judgment of the committee to make its recommendations within that limit, and not to act hastily here on the floor.

It seems to me we have approached the matter in a responsible way. We have tried to get at the basic provisions of a reasonable tax cut at the $19.9 billion level. and actually, that could end up accelerating the whole process by bring-

ing us more into line with the figure the House of Representatives has already agreed on.

Mr. LONG. Mr. President, I would much prefer to vote on the kind of instruction the Senator is submitting here after the Senate has given us some idea of what it favors, if it favors this amendment. What does the Senate want to do?

In other words, if the Senate had proceeded to vote on 100 amendments, and, having voted on 100 amendments, had thus proceeded to increase this bill up to $50 billion, and then moved that the bill be recommitted with instructions to trim the bill down from $50 billion to $20 billion, I suppose we would at least have some idea as to what the Senate would like for us to do.

But the Senator knows what usually happens. What usually happens on a tax cut bill, and what usually happens on a social security bill, is that whatever goodies the House puts in, the Senate adds to them, and then the Senate committee has grave difficulty persuading the Senate to limit itself on the additional tax cuts that someone wants to add, or the additional expenditures for social security or public welfare that someone else wants to add.

So the way we usually trim these things back is in conference with the House of Representatives.

Mr. McGOVERN. If the Senator will yield further, he has really spelled out the scenario that led me not to take the course he has recommended.

If we offered 100 different amendments, trying to dress up the bill, we would be here until next August. What I am suggesting to the Senator is a different course that can avoid that kind of time-consuming tax-writing procedure here on the Senate floor. The members of the Committee on Finance know the legislation thoroughly now. They know what is in the House bill. They have listened to the discussion here on the Senate floor, and they know where the legislation is most vulnerable; and I think we would be accelerating the consideration of this legislation were we to agree on a limit in line with what the House has already approved, and then give the committee a maximum of 2 days to come back with legislation that I think we would approve.

The procedure the Senator has outlined, as he knows, would take weeks here on the Senate floor, if we try to rewrite all the amendments he has reference to here on the floor.

Mr. LONG. The unfortunate part of all that is that no matter what the committee recommends, someone can get up here and offer an amendment that would provide a further tax cut, and I am sure there are many that can be offered that would have a great deal of merit. I should think there may even be some which would be attractive to the Senator from South Dakota.

At that point there would be nothing to do but vote on the matter, and if the Senate votes for it, the bill has been increased, even though the Senate does not think it ought to be increased. I have seen that happen time and time again.

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

Mr. LONG. I yield to the Senator from Arkansas.

Mr. BUMPERS. I would ask this question of either the Senator from Louisiana or the Presiding Officer. Is the motion of the Senator from South Dakota to recommit the pending question?

Mr. LONG. Yes, to report back within 48 hours

Mr. BUMPERS. Is it further correct that if all the Senators in this Chamber cease asking for recognition, then the Chair would announce that the question before the Senate is on agreeing to the motion? Is that correct?

Mr. LONG. That is correct. As a matter of fact, I have been considering making a motion to table, not because I wanted to deny anyone the right to be heard, but just to get this thing to a vote. I am ready to terminate my remarks, if everyone else will.

Mr. BUMPERS. I am not suggesting that anyone who has any further comment to make on this motion be denied the right to do so. We know we have unlimited debate here. I just wanted to make the observation that if we all want to allow the matter to be voted on, all we have to do is settle down and let the Chair announce that that is the question, and have it voted on. Is that correct?

Mr. LONG. Senator, that is fine with me, but please understand, I have had a chance to have my say, and I am not going to try to preclude somebody else from having his. I decided I was not going to make a motion to table.

Mr. BUMPERS. I thank the Senator.

Mr. DOLE. Mr. President, I would like to ask a question. I have not inquired until this time of the distinguished Senator from South Dakota. Perhaps the distinguished chairman is correct in his view that we may be wasting a half day trying to determine not to waste 2 more days. But, at the same time, it would be possible if he would add the right instructions to this bill we can send it back to the Committee on Finance with instructions, return it forthwith, and get some action on it and perhaps save a few days.

I can understand why the distinguished Senator from South Dakota is reluctant to make any specific suggestions. But I would ask him this: Does the Senator from South Dakota agree, generally, with the House-passed bill which calls for a $19.9 billion tax cut?

Mr. McGOVERN. Well, yes, I am more in agreement with that than the measure that emerged from the Committee on Finance.

But I must say to the Senator from Kansas I am very reluctant to try to rewrite the specific terms of this bill here on the floor. I have not had a chance to look at it exhaustively as members of the committee have and I think that we are on sounder ground to agree on what the overall size of the tax reduction should be, and then let the committee work out the specifics in the committee.

Mr. DOLE. It seems to the junior Senator from Kansas if we strictly limit the bill to tax cut revisions we might come up with something around $20.6 billion. That would mean adopting the House-passed bill, deleting title IV of that bill with reference to depletion, but adding to that bill the temporary rate reduction amendment offered by the distinguished Senator from Texas (Mr. BENTSEN) in the Finance Committee last Friday, and that would give us a total of $20.6 billion.

My point is if the distinguished Senator from South Dakota ties us to the House-passed bill that would seem to indicate that he favors that measure, and gives no flexibility to those of us on the Committee on Finance or those who may wish to offer specific instructions. The distinguished Senator from Rhode Island, at least, indicated that that might speed up the process.

It does occur to me that if the Senate agreed to strike the very things mentioned generally by the distinguished Senator from South Dakota, then the motion to recomit would serve notice on the Committee on Finance and, in effect, everyone in this Chamber, that those amendments would be rejected if offered in the committee or on the floor. That would seem to be the only advantage this Senator sees in offering some reasonable instructions to our committee.

Mr. McGOVERN. Well, I can only say to the Senator that while I see some logic in the specific proposal he has made here, I can also see that we would get into a situation where exactly what the Senator from Louisiana has warned against is going to take place. We are going to start the amendment process on the floor that would indefinitely delay consideration of the bill.

I thought about various alternatives that we might pursue to bring about a reduction in the size of this cut. While I do not quarrel with some of the things the Senator has singled out that ought to be eliminated, and I hope they will be eliminated, I think that would just be the beginning of a whole series of amendments here on the floor that could delay inevitably getting to a final consideration of the tax bill.

So on that ground I would hesitate to accept the suggestion the Senator has made. It is not that I disagree with the substance of what he is proposing, but I think it will simply set the stage for a whole series of amendments that would delay inevitably a final vote on the bill.

Mr. DOLE. I appreciate the comments of the Senator from South Dakota.

I do not believe the distinguished Senator from Nebraska (Mr. CURTIS), was on the floor when the chairman indicated, at least implied, that, perhaps, the President was suggesting that we delay this 2 more days by sending it back to the Committee on Finance.

The distinguished Senator from Nebraska attended the meeting at the White House this morning that I was privileged to attend, and I can assure the distinguished chairman it is not the intention of the President to seek delay. It is the intention of the President to urge speedy passage of this legislation. I would guess the Senator from Nebraska would concur in that statement.

Mr. CURTIS. The Senator is correct. The President does want speedy action on this bill.

I want to say further that so far as the junior Senator from Nebraska is concerned, his purpose in supporting the motion to recommit is not to delay but to reduce the tax cut by approximately $10 million.

Mr. DOLE. Mr. President, if the distinguished Senator from Louisiana will yield for just one question and then so far as the Senator from Kansas is concerned, we can vote. Do I understand the distinguished Senator from Louisiana, the chairman of the Committee on Finance to feel that it is not possible to agree to some instructions that might speed up this process?

Mr. LONG. I say to the Senator from Kansas I think the best way to speed up the process is to vote the motion down and just go on ahead and vote. We have got an amendment pending which we are going to have to vote on sooner or later anyhow, and I am talking about the Hollings amendment; there is an amendment, the Cranston amendment, I assume we are going to vote on anyway, and vote on the McGovern motion, vote on anything. Let us vote.

Mr. DOLE. The distinguished Senator from Louisiana, if I understood him correctly, says that perhaps after several hundred million or several billion dollars have been added, then it might be appropriate to instruct the Committee on Finance to report back another bill; is that correct?

Mr. LONG. If that is the procedure the Senator wants to follow, yes. At least we might come nearer knowing what the Senate would like to do.

I would be in no position to know. If we are told to recommit, to report back a $19 billion bill, Senator, we have precious little guidance as to what amendments, what committee amendments, the Senate would agree to and what they would not.

Now, the Senator from Kansas participated with the committee, and he offered a number of worthy amendments. Most of what I would call the Senator's offerings, suggestions to the bill, were agreed to.

Now, it may be that the Senate might not want to agree to what the Senator from Kansas suggested. I do not know how we are going to find out without the Senate voting on it.

How would I know whether the Senate would think the Dole amendment is a good idea, is good or not, without the Senate voting on it? By the time the Senate gets through voting and tells us it agrees with certain amendments and disagrees with certain amendments, then we would have some indication as to what we ought to do.

We are being told here that someone thinks it is a bad idea that the committee voted—and it is not of any particular moment to me one way or the other—to say that the American Telephone & Telegraph Co. would have the full benefit of the investment tax credit just like every other corporation in America would have. All right. Now, how do I know whether the Senate wants us to recommend dumping that out or keeping it in? I think the Senate ought to tell us what it thinks about that amendment.

If the Senate proceeds to go ahead and add to the bill another $10 billion, and then it wants us to try to decide how to reduce from the bill what the Senate itself has done, that might be helpful. But I think it would be a lot better, and more in line with the precedents that we have had in the Senate, if someone wants to move to recommit and report back, to move to recommit and report back without this amendment, that amendment, this amendment, that amendment, this amendment, that amendment, then, as the Senator knows, that is mere pro forma. All one has to do, if he is the committee spokesman, is just to send the bill right up to the desk the way the motion instructed him to send it.

But when we have some committee amendments that have not even been discussed, some of which might have received favorable treatment in the morning newspapers, and some of which might have received unfavorable treatment in the morning newspapers; some of which might have received favorable treatment in the afternoon newspaper, and some of which might have received unfavorable treatment in the afternoon newspapers—and if we are just to recommit and follow the instructions of the Washington Post, I would think Senators ought to vacate their seats and ask the Washington Post to send their reporters down here and do their job for them, because I would think the Senate ought to hear the arguments for these various amendments and pass on them. That is all I urge.

So I would hope that the Senate would decide what it wants to do about these amendments.

Now, frankly, in one respect I think we went a little too far. I am going to move to strike from the bill the tax consideration that we gave to a person who sells his old home to move into a larger house if the house he is moving to is not a new home.

That would reduce the amount of this bill from $29 billion down to $27 billion. I will propose that myself, and the Senator from Indiana (Mr. HARTKE), who is for the credit for buying a new home, will favor that also.

But now, if we are going to be asked to take that out, just take things out of the bill, we do not know whether to take that out or something else out.

Incidentally, I am told that Senators' offices are receiving more favorable mail for that than for anything we did in the bill, other than perhaps this employees' stockownership plan we voted for, which is receiving tremendously favorable mail in my office and maybe in other Senators' offices.

So if we are going to do that kind of thing, we hope Senators will give us some indication of what they would like to have taken out.

Mr. PASTORE. If the Senator will yield for a question, is it not a fact that if we send this bill back on this motion and instruct the committee to come back with an amount of $19.9 billion, they will have to reshape every program in the committee report; is that not true?

Mr. LONG. Well, now, I would assume that if we are asked to do that, it would be assumed that the sponsor of the motion would think there are a lot of things in the committee amendment that are preferable to various things in the House bill. Otherwise, why would one make that motion because the Senate could just vote down the committee amendment and be done with it.

Mr. PASTORE. The fact is that the Senate did increase more programs than the House?

Mr. LONG. Yes, we did.

Mr. PASTORE. And that is the reason they compelled the Senator to go to the higher figure, is that right?

Mr. LONG. That is right.

Mr. PASTORE. Therefore, if one goes down to the lower figure, one either has to make up his judgment of contracting certain programs that one is advocating or one would have to eliminate them completely; is that not correct?

Mr. LONG. Yes, or strike out some of the things the House did.

Mr. PASTORE. Can that be done in 48 hours?

Mr. LONG. Well, if we are told to report in 48 hours, we will report in 48 hours, ready or not. What we are going to report, I have no idea. That is what I would like to have instruction on.

Mr. PASTORE. The Senator has no idea, and nobody else does?

Mr. LONG. That is just the point, out of 99 Senators we have been instructed before anybody has heard the first argument about any of these amendments, we are to be instructed to reduce the size of the bill.

I do not know whether to take it out of the House side, the Senate side, or what.

I would point out, Mr. President, that some of this gets to be a little hard to understand. For example, we have had speeches made in favor of this motion, indeed, by the Senator from Tennessee (Mr. BROCK). The Senator had an amendment we did not agree to that would have cost us an extra $3 billion.

That should prove something. If we agree to a Senator's amendment, he will agree that is not a wasteful expenditure or tax cut and that makes good, common, statesmanlike activity. But, on the other hand, if we agree to somebody else's amendment, that is a waste and an extravagance.

The same thing is true of some of these other amendments. We had one by one of the greatest economizers in the Senate, the Senator from Delaware (Mr. ROTH). He wanted to increase the amount of the bill by $2.5 billion by putting back in something the administration had recommended to begin with and there was a lot of support for that in the committee.

So I would hope, Mr. President, that the Senate would simply proceed on and get its job done.

I hope the motion will not be agreed to.

Mr. DOLE. Mr. President, I share the views of the Senator from Louisiana.

Some of those—it was voted to add billions in the first place—now vote for a $19.9 billion bill.

It just seems to me, unless there are instructions, it is a total wasted effort.

The Senator from Kansas would hope there might have been instructions, that

it would have been sent back to the committee, back to the floor. We might have saved 2 days. But it is obvious that is not going to happen and I support the Senator from Louisiana.

I think it would be a total waste of time to send this back to the committee without any guidance and it may be an opportunity to cast a "good vote" but it may not be an opportunity to end up with good tax legislation.

Mr. WEICKER. Vote.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Dakota. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

Mr. President, the Senate is still not in order.

The PRESIDING OFFICER. The Senate will be in order.

The assistant legislative clerk resumed and completed the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. CHILES) and the Senator from Massachusetts (Mr. KENNEDY), are necessarily absent.

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

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

The result was announced—yeas 38, nays 58, as follows:

[Rollcall Vote No. 69 Leg.]

YEAS—38

Abourezk	Eastland	Nunn
Allen	Glenn	Pell
Baker	Goldwater	Percy
Bartlett	Hansen	Roth
Bellmon	Hart, Gary W.	Scott, William L.
Biden	Hatfield	Stafford
Brock	Helms	Stennis
Buckley	Hruska	Stevens
Burdick	Laxalt	Thurmond
Byrd, Harry F., Jr.	Leahy	Tower
Byrd, Robert C.	Mansfield	Weicker
Church	McClellan	
Curtis	McClure	
	McGovern	

NAYS—58

Bayh	Hartke	Muskie
Beall	Haskell	Nelson
Bentsen	Hathaway	Packwood
Brooke	Hollings	Pastore
Bumpers	Huddleston	Pearson
Cannon	Humphrey	Proxmire
Case	Inouye	Randolph
Clark	Jackson	Ribicoff
Cranston	Javits	Schweiker
Culver	Johnston	Scott, Hugh
Dole	Long	Sparkman
Domenici	Magnuson	Stevenson
Eagleton	Mathias	Stone
Fannin	McGee	Symington
Fong	McIntyre	Talmadge
Ford	Metcalf	Tunney
Garn	Mondale	Williams
Gravel	Montoya	Young
Griffin	Morgan	
Hart, Philip A.	Moss	

NOT VOTING—3

Chiles	Kennedy	Taft

So the motion to recommit was rejected.

The PRESIDING OFFICER. The question occurs on the amendment of the Senator from South Carolina (Mr. HOLLINGS).

Mr. MOSS and Mr. HOLLINGS addressed the Chair.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Utah.

Mr. MOSS. I thank the Senator.

VISIT OF MEMBERS OF THE ASSEMBLY OF WESTERN EUROPEAN UNION

Mr MOSS. Mr. President, today the Committee on Aeronautical and Space Sciences had the first of two meetings with our European colleagues who are members of the Committee on Scientific, Technological, and Aerospace Questions of the Assembly of Western European Union. This committee is chaired by the Honorable Pierre de Montesquiou, of France.

Mr. President, our two committees are meeting because we are interested in each other's views on matters dealing with aeronautics, space, and technology.

The Western European Union was created by the Brussels Treaty as revised in 1954. The member states are Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, and the United Kingdom. The principal organs of the Western European Union are a council and an assembly of parliamentarians, called the Assembly of Western European Union.

The delegates to the Assembly are from the national parliaments of those countries that make up the Union and are chosen by their respective parliaments.

Mr. President, our meeting today was an excellent one. Because of it I think we understand each other's problems a little better. I am delighted that these gentlemen are visiting in the United States and that we have had an opportunity to meet with them.

Mr. President, I ask unanimous consent that the names of the visiting members of the Assembly and their respective countries be printed in the RECORD.

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

MEMBERS OF THE ASSEMBLY OF WESTERN EUROPEAN UNION VISITING THE U.S. SENATE

Name and country:

P. de Montesquiou (Chairman), France.

Mr. Warren (Vice Chairman), United Kingdom.

H. Adriaensens (and Mrs.), Belgium.

H. de Bruyne (and Mrs.), Belgium.

R. Carter, United Kingdom.

M. Cerneau, France.

P. A. M. Cornelissen, Netherlands

R. Fletcher, United Kingdom.

R. Hengel, Luxembourg.

C. Lenzer, F. R. Germany.

J. Lester, United Kingdom.

D. A. T. van Ooijen, Netherlands.

J. Osborn, United Kingdom.

F. Tomney, United Kingdom.

P. Vitter, France.

G. M. A. M. Huigens (Secretary and Counsellor to the Committee).

RECESS

Mr. MOSS. Mr. President, I present to the U.S. Senate the visiting members of the Assembly of Western European Union.

I ask unanimous consent that the Senate stand in recess for 5 minutes, so that the Members of the Senate may meet with the members from the Assembly of Western European Union.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that I may retain the floor.

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

The Senate, at 4:05 p.m., recessed until 4:10 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

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

Mr. DOLE. Will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. I yield without losing my right to the floor.

Mr. DOLE. I ask unanimous consent that Kim Wells, a member of my staff, be given access to the floor during the discussion and debate.

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

Mr. BIDEN. Will the Senator yield for a unanimous-consent request with regard to staff?

Mr. HOLLINGS. Yes, I yield.

Mr. BIDEN. I ask unanimous consent that the following members of my staff be accorded the privileges of the floor during consideration of H.R. 2166: Dick Andrews, Vince D'Anna, and Pete Wentz.

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

Mr. BENTSEN. Will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. Yes, I yield.

Mr. BENTSEN. Mr. President, I ask unanimous consent that a member of my staff, Gary Bushell be granted the privilege of the floor.

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

Mr. HASKELL. Will the Senator yield for a similar request?

Mr. HOLLINGS. I yield.

Mr. HASKELL. Mr. President, I ask unanimous consent that Jack Quinn, of my staff, be accorded the privileges of the floor during debate.

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

Mr. HOLLINGS. Mr. President, on behalf of the Senator from South Dakota (Mr. ABOUREZK) I ask unanimous consent that the privileges of the floor be granted to Ms. Bethany Weidner.

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

Mr. HOLLINGS. Mr. President, so that my colleagues will know exactly where we are, the Cranston amendment has been submitted to the House bill and a Hollings-Kennedy amendment has been submitted, with some 27 or 28 other authors or cosponsors, as a substitute for the Cranston amendment. We have debated this for quite a while and I am prepared to find out where we are and

what kind of compromise can be worked out this week. I am prepared, before I yield the floor, to move to table that Cranston amendment. I do not do this precipitately.

When I came to the floor this morning, it was pretty well agreed and set that we would not even be able to call up our particular amendment. The Senator from Alaska (Mr. GRAVEL) had a small amendment. then Senator CRANSTON had his amendment on oil depletion as a substitute. If that had been sustained, Mr. President, then there would have been no consideration of the amendment that we have been discussing with colleagues on both sides of the aisle as a bipartisan thrust for the last 10 days.

The Senator from Alaska (Mr. GRAVEL) made a mistake, and as a result we were permitted then to call ours as a substitute. The position in which we find ourselves is that there can be no perfecting amendments to ours as a substitute, but there can to the Cranston amendment. I think we should bring it to a head and find out whether we are going along with this copout to big oil.

That is all it is. They had a test and they finally crossed the Rubicon. There were leadership positions against it on the House side. And after all the discussion. even though the leadership and the chairman of the Committee on Ways and Means opposed it, the leadership—the Speaker, the majority leader, and others—voted very decisively, with no exception, for the independents, for the mean and simple reason that the word, in and of itself, "independent," is somewhat of a myth and very attractive sounding.

It certainly attracted me to the idea that the small guy is trying to drill more oil. We are trying to increase production in America, and as we eliminate these outrageous loopholes in the tax law, we do not want to cut our nose off to spite our face and diminish production. So if there was some kind of allowance of a reasonable nature for an independent, that would be one thing.

To come in, as the Cranston amendment does, at a level of 3,000 barrels and give them a permanent exemption; to come in and give that exemption also to the royalty owners, which even Representative CHARLES WILSON of Texas, coming from Houston, did not propose over on the House side, and to propose that this amendment also be given to the refinery owners is another thing. The Cranston amendment, a sleight-of-hand amendment, is talking about foreign tax credit up here. One looks at it and it seems objective, with a little worksheet handed out by the distinguished Senator. One says, the Senator has really been deliberate about this.

I could not get him to go along with oil depletion. He would not even raise the question. We notice that foreign tax credits have long since been eliminated. The only reason we raise the question of oil depletion at this time is that it is in order, it is germane, it has been voted on by a majority of the House, decisively so.

I could think of many other improvements in the area of tax reform and loopholes to be closed. But we wanted to refrain for now.

The Senator from California comes now, and, while he has everyone looking at the foreign tax credit which few of us disagree with, we see that the 3,000-barrel exemption is retained for royalty owners, who account for 25 percent of it, but there is no drill there, no little mom and pop, no risk whatever, no investment whatever, in his own land. They merely get these tremendous writeoffs. It does not bring in one extra barrel of oil. Also, we see there is an exemption to independents with refinery capacity. The amendment was patterned and devised out of a scheme over the weekend to strike and close off all other amendments and get a vote on a proposal that is a sellout.

I think perhaps if we have a vote on the motion to table the Cranston amendment, it could prevail. If that occurs, then we can go ahead, mine could fall with it and we can call mine as a separate amendment. It could very well happen that the Senator from California would move to table it in which case we could save the Senator from Louisiana a lot of grief.

The best conferring that we have had is right there at that 300-barrel level, that million-dollar-a-year producer. My authority for that particular approach, Mr. President, is none other than the distinguished Senator from Louisiana (Mr. LONG), who said on March 7, when he was asked about the Wilson amendment of 3,000 barrels—the $10 million operator who would get a $2.5 million writeoff—"In my judgment, Congressman WILSON and his troops could have won on their side if they had not tried to make that amount that would be exempt large enough so it would include some very substantial independents."

Mind you me, it was the distinguished chairman who found that some independents were not mom and pop, but substantial.

I quote further: "If they had kept it down to where you were talking about no more than, perhaps a million dollars worth of oil"—there it is, the 300-barrel level—"with regard to where the depletion allowance would have been about $220,000, I think they would have had a pretty good chance. In fact, they would have probably prevailed on the House side. So, there is sentiment on both sides for something like that."

That is where I thought I got my present sentiment, but I do not have my present amendment. In trying to work it out, I find myself parliamentarily snarled here.

Let me emphasize one particular thing about the independents, at first we were persuaded that an exemption was in order. However, we found that the independents were getting a return on their investment of 25.8 percent last year. And that is after all those dry holes.

If you listen to this crowd—this is what I have been listening to all week—there are deep holes and dry holes, and all the holes are all deeper than we ever heard of before, and all of a sudden all the rest are all dry. But with all the deep holes and with all the dry holes, they still manage to overcome those losses with a 25.8-percent return.

I ask unanimous consent that this list of almost 60 independents, taken at random, be printed in the RECORD, and I shall refer to it.

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

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Gross revenues (millions)			Earnings per share			Return on shareholder equity, [1] 1974 (percent)	Percent tax rate, [2] 1973
	1972	1973	[1] 1974	1972	1973	[1] 1974		
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0

Footnotes at end of table.

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS—Continued

	Gross revenues (millions)			Earnings per share			Return on shareholder equity, [1] 1974 (percent)	Percent tax rate, [2] 1973
	1972	1973	[1] 1974	1972	1973	[1] 1974		
Hudsons Bay Oil & Gas	$108.0	$136.0	$160.0	$1.44	$2.07	$3.00	30.0	12
Mitchell Energy & Develop	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
Numac Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petro. Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prairie Oil Royalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] Estimate.
[2] 1973 latest available year.

NA—Not available.
Source: Standard and Poor's Stock Reports.

Mr. HOLLINGS. These particular independents are gleaned from the reports of Standard and Poor. You go down through each one of them, and see. Aberdeen Petroleum got a 9-percent return, and they paid no taxes in 1973. Amarex, a 24-percent return and no taxes. Argo Petroleum, 30-percent return on stockholder-shareholder equity, and no taxes. Baruch Foster, 20-percent return and no taxes, and right on down the line to one of the biggest I have encountered, General Crude, which was called to my attention recently.

In my back yard is the International Paper Co., and while I was testifying before the Finance Committee the Senator from Louisiana and others just gave me the very devil, and said, "Senator, while you are taking it away from oil, why don't you do away with that capital gain for timber?"

I said, "If you give me the same treatment I have given the oil companies, I know that is right."

It was proved to me that very evening when I ran into the lawyer for International Paper, and he said, "Senator Hollings, you do not understand. The independents drill 85 percent of the holes."

I said, "No, sir, they drill 88.3 percent of the holes."

He said, "Oh, yes," sort of taken aback that we knew something about it.

I said, "They have been averaging, over the last 10 years, over 15 percent."

He said, "You are shoving them in the same bed with the majors."

And I said, "No, within a year they sell 93 percent of what they find to major oil companies."

I am talking about what people are taking home. That is sad; it is outrageous, when you look at these figures; $13 billion they take home. They are not only taking those profits home after taxes, but they come around and say that everybody that pays taxes within the sound of my voice should divvy up another $40.

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

Mr. HOLLINGS. Not right now. I will be with the Senator in a minute. We have time.

But what did they do with this depletion allowance? I found that out. Major oil sells directly to their own refineries at the highest price, then they operate the refinery without profit. So the independents just do not get into it. It does no pay them to get into it, because they cannot sell at that very high price, on the one hand, and then not make a profit. The refineries are owned by the majors, and they cut up the competition, and they are using the tax rebate not only to make undeserved profits, but to buy control.

So I went over to the paper company's lawyer after they had been talking about mom and pop, and he said, "Fritz, we are going to do all right this year."

I said, "Well, I am glad to hear it, because the paper industry is destroyed. They have sold every sawmill in South Carolina. The housing industry, the building industry, the timber, and everything else is just gone."

He said, "Yes, but we have General Crude."

I said, "Is that the company they were just telling of?"

He said, "Yes. We paid $490 million for it."

Mom and pop, at $490 million. Mom and pop; those are the independents they are talking about, and that is the crowd that the Cranston amendment would say, "Get more mommy and more poppy, just let it get bigger and bigger." That $490 million outfit.

The paper companies like the International Paper Co. know where to go to make a profit. They know where to go to get a writeoff. They go get in the oil business. The fellow at the party said, "You know, who is really angry with you?" He said, "All your lawyer friends. They have been working out tax dodges for every one of their clients. This is the biggest bonanza ever to hit our State. They ain't no drilling to do, no drilling or production of domestic resources and supplies."

Why are we sore? Because that is what it has been used for. The majors have gone to foreign tax credit, bigger refineries, and investments overseas, but they are not into this at all.

The Treasury Department is opposed to an independent exemption. If there are some truly small operators there, let us give them a little chance to phase out over a 5-year period. They would still be making these returns on their investment, and they can get with it and make their money.

Of course, we still have the problem of windfall profit.

Why do I say that? Because this particular colored chart over here on the left—I have learned from Mr. Ferris here to get a colored chart—shows the profits resulting from the prices having gone up.

In 1973 it was $1.1 billion. That is the price oil was selling at 2 years ago or less, in 1973. But the Library of Congress chart shows they are going to get, this year, $6.4 billion in windfall profits. That is at the 48-percent corporate payment of tax returns at a 48-percent rate. If we come in at the average which they do, of 22 percent, they will get nearer $10.1 billion.

So when you take away the $2.5 billion to $3 billion from their windfall profits, they are still left in the range of anywhere between $6 billion and $9 billion in windfall profits. They are making way more with the enactment of the House measure, with no phaseout, just total repeal of oil depletion, they are making three to four times more with that particular measure enacted into law than what they did just 2 years ago.

And what are they asking us to do? They are asking the U.S. Senate, with all these attractive little gimmicks to exempt. They talk about hearings. We have hearings in there for Pan American—I do not know where they came from—and A.T. & T., and all the big companies of America, and they ran that bill right on up until they even got the attention of the Senator from South Dakota, and he said, "Let us recommit this thing." That is what happened.

But they put this in, and they say, "You should continue, America, to subsidize windfall profits." That is exactly what this oil depletion is.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. HOLLINGS. Without losing my right to the floor, I yield for a question.

Mr. JOHNSTON. I have enjoyed the Senator's discourse. It has been very good.

What I would like to know is, the Senator talks about after-tax profits and earnings on investments; do these charts show what they can earn on today's investments, with drilling at today's costs, or do they not really show what the profits are based on drilling costs last year or drillings costs 3 years ago, and the oil they found then?

The point is that when the Senator says that he found that the independents have 24-point something percent profit on investment, all that reflects is the value of that oil at today's prices, and the cost of the drilling based on yesterday's prices. And if we use today's cost

of drilling, which is the critical thing here, as against today's cost of oil, we are going to have something that is a great deal less than what these charts and what the Senator's 24-percent figures show.

Mr. HOLLINGS. Well, the Senator raises a point. But I am using the relative percentage return on stockholder, shareholder, equity that we discussed as businessmen within this body.

Mr. HASKELL. Mr. President, will the Senator from South Carolina yield without losing his right to the floor?

Mr. HOLLINGS. Yes.

Mr. HASKELL. I would like to comment on the remarks of my friend, the Senator from Louisiana. First, I would like to compliment the Senator from South Carolinan for his amendment, and I would like to be added as a cosponsor to his amendment. I did not do so because we did not know when this matter was going to come to the floor from the Committee on Finance.

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

Mr. HASKELL. I would like to comment on the remarks of the distinguished Senator from Louisiana. He makes a point that if you drill a well today, you are drilling it at a higher cost than you would have drilled a year ago and, therefore, maybe the rate of return you are making in 1974 is not reflective of what you might make in 1975.

But I would point out to the distinguished Senator from Louisiana that the price of oil has gone up a little over 300 percent in the last 18 months and, obviously, whether you use the Wholesale Commodity Index or the Consumer Price Index, generally prices have not gone anywhere near that amount.

So it would suggest to me that even on the level of today's costs there are very substantial profits to the oil companies.

I think the point is, and I am sure the Senator from South Carolina sees it, that percentage depletion is giving somebody a deduction for nothing.

Mr. HOLLINGS. Exactly.

Mr. HASKELL. Percentage depletion, all of us in this room are wasting assets, I believe, and anybody within the sound of my voice is a wasting asset, some of us perhaps faster than others. But, nevertheless, if we are going to give a deduction on something for nothing because it is a wasting asset, I would suggest that everybody in the Chamber should get a 22-percent deduction in addition to everything else they get.

So I just compliment the Senator from South Carolina for engaging in this matter.

I think if we repeal percentage depletion, it is the first major step toward tax reform. Again I compliment him.

Mr. HOLLINGS. Along this line, I do not want to be sitting around quoting economists, because they have not necessarily given us the best of information—but with respect to particular tax measures, this oil depletion allowance has gained a position of disgust and disregard from virtually every independent economist, traveling the gauntlet between conservative and liberal philosophies, and between Republican and Democratic philosophies.

I ask unanimous consent to insert in the RECORD at this point a letter to the Congress of the United States submitted last year, listing some 50 to 60 different professors of economics in different schools throughout the entire country, to give some idea of the academic feeling about oil depletion and where we are right now.

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

PUBLIC INTEREST ECONOMICS CENTER,
Washington, D.C.

TO THE CONGRESS OF THE UNITED STATES: For many years the Federal government has lightened the tax burden of the petroleum and other extractive industries by special provisions of the tax code. These indirect subsidies have been one of the causes of our long-run energy problem. They have stimulated production and consumption, draining the U.S. of our oil and increasing our dependence on foreign sources. And they have inhibited the development of substitute sources of energy, such as geothermal and solar, which do not benefit from these special provisions.

One alternative—to keep the present provisions intact and add on a "temporary" excess profits tax and a special investment tax credit—seems likely to be a mistake. The excess profits tax may indeed prove temporary while the special investment tax credit proves permanent, which has been the history of minerals taxation. This would further complicate an already too complicated tax code, creating new inequities and distortions, further lightening the oil industry's tax burden and worsening our long-run energy problem. On the contrary, the remedy is to simplify the tax code and move toward greater tax neutrality by eliminating the special privileges.

We should eliminate the percentage depletion allowance and treat capital expenditures in the extractive industries on the same basis as those in other industries. In the past, petroleum companies have been permitted to treat what are essentially royalty payments and excise taxes as foreign income taxes subject to the foreign tax credit. This practice should be reformed. If we eliminate the special provisions for the extractive industries, then it is doubtful that we would need an excess profits tax for petroleum. Incentives for exploration and development should not be made in the tax code. If such incentives are needed, they should be made explicitly on the expenditure side of the budget.

Respectfully submitted,

Allen R. Ferguson, President, Public Interest Economics Center; Dr. Armen A. Alchian, Los Angeles, California; Professor Kenneth J. Arrow, Department of Economics, Harvard University; Professor Robert T. Averitt, Department of Economics, Smith College; Carolyn Shaw Bell, Katharine Coman, Professor of Economics, Wellesley College; Professor Charles A. Berry, Department of Economics, University of Cincinnati; Professor Bradley B. Billings, Department of Economics, Georgetown University.

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G. L. Stevenson, Temporary New York State Charter Commission for New York City; Professor Lester C. Thurow, Department of Economics, Massachusetts Institute of Technology; Professor T. Nicolaus Tideman, De-

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partment of Economics, Virginia Polytechnic Institute and State University; Professor James Tobin, Department of Economics, Yale University.

Mr. HOLLINGS. Now, where we are is that we start with the House bill. We have the House bill, with total repeal of oil depletion. The only thing that has confused the waters at the beginning of this debate was the argument, "Look, you are going to keep everybody here; you are going to run over into the recess if you try to deal with depletion in the Senate."

Well, it took us a good week, but we settled that question now, and we have the issue before our colleagues.

Now, the next ploy was, "You have got to look out for mom and pop and the little independents."

We would be glad to answer any questions. I do not want to cut off my distinguished friend, the Senator from California. But I would like to yield to him on a unanimous-consent agreement that I not lose my right to the floor, so that I can make my motion. I will be glad to yield to him on that basis.

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

Mr. CRANSTON. I thank the Senator very much for his generosity in yielding to me at this point. I would like to very briefly summarize what I see to be the differences between my amendment and the amendment offered by the distinguished Senator from South Carolina and the Senator from Massachusetts and others.

The amendment that they have offered as a substitute for my amendment would totally end the depletion allowance for major oil companies, and it would phase it out in a few years for the so-called independents.

My amendment would end oil depletion for the major oil companies, just as their amendment would. But it would preserve the percentage oil depletion allowance for the independent producers up to a maximum of 3,000 barrels a day for oil produced.

It would also permit the independent producer the depletion allowance for the Btu equivalent of natural gas.

The definition of an independent is very tightly written. No company would qualify if it owns or controls any retail outlets. On the matter of refineries, which was mentioned by the Senator from South Carolina, an independent would be able to own only one refinery, no more, and that refinery could not refine more than 50,000 barrels of oil a day. There are other provisions that tighten up considerably this proposal relating to the independents. These include prohibiting transfers of the depletion allowance, limiting it so that a family cannot multiply its depletion and what amounts to a minimum income tax provision to insure that no one can use the oil depletion allowance to avoid paying any income taxes at all.

The other section of my amendment covers something not covered by the House bill and not covered by the Hollings-Kennedy amendment, and that relates to the foreign activities of the major oil companies. It would wipe out the opportunity of major oil companies to say that a royalty paid to the Shah of Iran or to the leaders of some other country amount to a tax, and it would prevent them from using that to avoid paying any taxes in this country.

The provision would also eliminate the opportunity for major oil companies to use DISC to enhance their ability to export oil. We do not want them exporting oil or other forms of energy.

My amendment would also deprive them of their present opportunity to use their investment tax credit on rigs they take to or build in other countries. We want to keep these rigs at home to remain available for increased U.S. exploration and production.

A fundamental reason for giving an exemption to independents—even to the big independents—and I grant that some are very big and very wealthy—is to maintain the viability of the independent sector as the competitive cutting edge in a concentrated industry. Even these big independents are very small compared to many companies in other fields, and they are certainly very small potatoes compared with the giant international oil companies.

They have a very difficult time competing for markets and competing for investment capital. Large quantities of investment capital are required to stay in the high-risk business of exploration for oil.

Giving a competitive edge to the independent will encourage exploration for new wells which we want in this country and, hopefully, these new wells will result in increased domestic production.

I would like to point out that there are approximately 10,000 independent producers in the United States, and that these "wildcatters," as they are called, drilled more than 85 percent of all the exploratory wells in the United States last year.

In California if each of the 950 independents produced an average of 418 barrels of oil a day in 1972. Yet they accounted for 42 percent of all California production that year, in 1972.

I think it is obvious that we would get more competition, that we would prevent the development of further monopoly and, through that competition, we would get lower prices if we preserve the opportunity for the independents to compete with the majors.

One reason that it would help in prices, apart from the matter of competition, is the fact that because they do not have vast ability to store, because they do not have retail outlets, they have to put it on the market and that is the way the price will come down.

I think it would be a tragedy if we eliminated most competition in oil production in terms of what would happen to price, in terms of what would happen to consumers, in terms of what would happen in competition, in terms of what would happen to bigness, the pervasive bigness of the institutions and industries in our country.

Let me finally say I think it is long past time that we close the most glaring loophole of all, the tax credits on overseas investments by United States oil companies.

At a time when we are seeking to become more energy independent at home, it makes no sense to continue giving tax incentives that promote foreign production. We should be promoting more domestic production instead. That is what my amendment would do.

For these reasons I hope the Senate will not table my amendment, taking with it the amendment offered by the Senator from South Carolina (Mr. HOLLINGS).

I would like to say, when our distinguished majority leader, Senator MANSFIELD, spoke at the Democratic caucus and said that he hoped there would be no effort to attach the oil depletion amendment to this bill, and when Senator RIBICOFF stood up and said that he and Senator NELSON—although they wanted to get rid of the depletion allowance—agreed, I was against doing anything about oil depletion on this bill, although I, too, favored eliminating depletion.

But during the last week when I was finally compelled to focus my thoughts on this, with the advice of my staff, I became convinced that preserving the depletion allowance for the independents makes sense.

When it became apparent we were going to have this battle anyway, I decided to get into it in a way I thought most effective, by offering an amendment I believe can pass, that I believe can get through cloture, that I believe can provide the basis for negotiation with the House, and finally end this matter of continual argument over oil depletion.

I would like once again to thank the distinguished Senator from South Carolina for yielding to me so I could speak before he made his tabling motion. He did not have to give me this opportunity and I am very grateful.

I would like to ask one question.

The Senator stated in his earlier remarks about the foreign tax credit aspects of my bill which, incidentally, will pay for all the loss to the Treasury which will result from exempting the independents and the Senator stated we have already dealt with the foreign tax credit. I do not believe we have done that.

For example, last year in 1974, $10 billion of foreign tax credits were carried forward to 1975 and resulted in a huge tax loss to this country.

Now, that is something my amendment is designed to deal with.

Mr. HOLLINGS. I thank the distinguished Senator.

That is the second misunderstanding because the Senator is quite right. We have not dealt with the foreign tax credit and it is so generous that they do not even use depletion allowance. That is really how to get the money back to the United States.

But I will yield then with unanimous consent, Mr. President, not to lose my right to the floor to the distinguished Senator from Connecticut.

Mr. RIBICOFF. If the Senator will yield, I intend to support the position of the Senator from South Carolina.

It is true in the Democratic caucus

that when the question came up, putting the oil depletion allowance on the tax bill, it was my strong feeling at that time that we must avoid a filibuster and a long delay on a tax cut bill because the economy demanded immediate passage of the rebate and tax cut provisions.

But it became apparent in the caucus that the Democrats would have to agree that we would not have a recess. We should stay until we complete the bill. Under those circumstances we had to reach some sort of an agreement.

It was my understanding that we agreed that the Hollings amendment should have two.

Under these circumstances, it does become important that the Senate join the House in repealing, once and for all, the oil depletion allowance tax loophole, which is one of the greatest loopholes in our tax code. It has become the symbol of special interest preference in the United States.

Consequently, it is my feeling, that once we reach a position where we are finally going to vote on that matter within a few days, that we should try to pass the amendment put forth by the Senator from South Carolina.

I would hope that when that is determined we could then move upon the provision proposed by the Senator from California on the foreign tax provisions, which is similar to an amendment the Senator from Indiana has constantly been pushing on the floor and in the Finance Committee. There is no reason why we cannot do both before this bill is passed by the Senate of the United States.

The time has come to repeal the oil depletion allowance once and for all. I strongly support the Hollings amendment which repeals depletion for the major companies effective January 1, 1975, and phases it out for the independents.

In short, the oil depletion allowance today is a costly, inefficient, and unnecessary windfall to the oil industry.

Today our tax laws permit taxpayers with oil and gas income to deduct from their net income 22 percent of their gross receipts in determining their taxable income. This will cost the American taxpayer $2.5 billion in taxes this year which will go into the coffers of the oil industry rather than into the Treasury.

OIL COMPANY PROFITS AND TAXES

Oil companies are making record profits and paying the lowest taxes of any American industry. Let us look at the record.

As an industry, the 19 largest oil producers paid an effective U.S. tax of 6 percent in 1972 and 6.5 percent in 1973. The return on equity for the industry those years rose from 8.6 to 15.9 percent. The rough estimates for 1974 show the return on equity will be around 20 percent. In fact, a survey of 75 independents showed an average rate of return of 25 percent. Major companies are reporting lower returns because of an accounting change—from FIFO to LIFO—which reduced their paper profits on oil already held in reserve.

Oil companies posted record profits for 1973, up 53 percent from 1972, and profits for 1974 have soared even higher. The 12 largest oil companies showed an average increase of 53 percent in their estimated profits.

As the following chart indicates the earnings per share of the major companies are up dramatically:

Company name	1972	1973	(est.) 1974	1973–74 percent increase
Arco	3.31	4.95	10.30	108.0
Exxon	6.82	10.91	13.90	27.4
Continental	3.37	4.79	6.85	43.0
Cities Service	3.71	5.05	8.00	58.4
SoCal	3.22	4.97	5.65	13.7
Standard Oil Indiana	2.68	3.66	7.05	92.6
Texaco	3.27	4.75	6.10	28.4
Shell	3.86	4.94	8.70	76.1
Royal Dutch	3.02	7.95	11.25	41.5
Mobil	5.65	8.34	11.75	49.3
Gulf	2.15	4.11	5.20	26.5
So. Ohio	1.65	2.04	3.50	7.15
Average				53.0

In 1973, for example, before tax profits from oil production amounted to $4.7 billion. The tax under present law amounted to $700 million, leaving an aftertax profit of $4 billion. If the depletion allowance is repealed effective January 1975, the oil companies will still realize an aftertax profit of $6.6 billion—somewhat lower than the 1974 windfall profits but much higher than in previous years.

I include a chart showing the profit and tax picture of the oil industry before and after repeal of the depletion allowance at this point in the RECORD:

	1973	1974	1975	1976	1977	1978	1979
Before tax profit from oil production (dollar billions)	4.7	10.6	11.3	12.0	12.7	13.5	14.8
Tax under present law	.7	1.6	1.7	1.8	1.9	2.0	2.2
Additional tax from repeal of depletion as of January 1975	0	3.0	3.2	3.5	3.7	3.8	
After-tax profit	4.0	9.0	6.6	7.0	7.3	7.8	8.8

In short, the oil industry will continue to make large profits, even after repeal.

Every individual and corporation must pay its fair share of taxes. The corporate tax rate is 48 percent. But because of loopholes such as the oil depletion allowance, the average effective tax rate for the largest major oil companies in 1974 was 5.99 percent. This is one-third the rate at which most working Americans pay their taxes.

I include a chart indicating the effective tax rates of the major oil companies at this point in the RECORD:

Federal tax rates paid by largest oil companies—1974

[Source: U.S. Oil Week]

	Percent
Ashland	32.4
Kerr-McGee	23.3
Getty	22.5
Shell	21.6
Sun	13.2
Phillips	12.9
Standard of Ohio	12.8
Standard of Indiana	10.2
Cities Service	8.3
Conoco	8.2
Amerada Hess	7.5
Marathon	7.5
Exxon	6.5
Union	6.4
Arco	3.7
SoCal	2.0
Texaco	1.7
Mobil	1.3
Gulf	1.2
Average	5.99

The tax picture for the independents is the same as for the majors. The independent producers are not overtaxed as the following random sampling of independents indicates:

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Gross revenues (millions)			Earnings per share		Return on shareholder equity		Percent, tax rate
	1972	1973	[1] 1974	1972	1973	[1] 1974	[1] 1974(percent)	[2] 1973
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.16	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0

Footnotes at end of table.

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS—Continued

	Gross Revenues (millions)			Earnings per share		Return on shareholder equity		Percent. tax rate
	1972	1973	[1] 1974	1972	1973	[1] 1974	[1] 1974 (percent)	[2] 1973
Hudsons Bay Oil & Gas	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy & Development	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
Numac Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petro Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prarie Oil Roalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] Estimate.
[2] 1973 latest available year.
NA—Not available.
Source: Standard & Poor's stock reports.

INEQUITY OF THE OIL DEPLETION ALLOWANCE

The oil depletion allowance was enacted in 1926 to allow oil companies to take a deduction for the cost of the finite supply of oil that was being used up. The percentage depletion allowance, however, enables its beneficiaries to recover their costs as many as 15 times over. This is in contrast to the depreciation rules applicable to any other business which limits its cost recovery to once and once only.

One of the greatest inequities in the depletion allowance is that the higher the price of oil, the higher the Federal subsidy.

In 1973, the average price of oil was $3.90 per barrel. Today that oil is selling for an average rate of $7.50 per barrel. The current price, caused by shortage and market pressures, has given the oil industry a windfall profit of $3.60 per barrel. In fact, the aftertax profits of the oil industry will add up to an estimated $9 billion—more than double the 1973 record profits of $4 billion.

As prices rise, the benefits of depletion rise because the deduction is a flat percentage of income. Thus, oil companies get it both ways—as they demand higher and higher record profits on one side, their tax subsidies increase proportionately on the other. The depletion allowance cost the Treasury $1.7 billion in 1972 which rose to an estimated $2.6 billion in 1974, and this year will probably cost more than $3 billion.

OIL DEPLETION ALLOWANCE—ECONOMICALLY UNJUSTIFIED AND NO INCENTIVE TO EXPLORE

If the oil depletion allowance was designed to encourage exploration and drilling, it was designed poorly and inefficiently and is economically unjustified in today's oil economy.

That portion of the depletion allowance which goes to domestic oil producers does not encourage exploration.

Since only 10 percent of the exploration wells strike oil, depletion benefits only a small portion of the high-risk drilling.

Oil companies prefer to spend money drilling in existing oilfields to be certain of receiving the oil depletion subsidy. The main effect of the allowance is to encourage overdrilling in known oilfields. A producer can use the allowance to wipe out a maximum of 50 percent of net income on a well before tax computation. This means that the biggest benefit of the subsidy goes to the most profitable wells.

The allowance may actually operate to discourage producers from operating less profitable or marginal wells. The stripper well operator, producing less than 10 barrels a day, gets the short end.

He is forced to pump the wells he has while the big companies have more money to buy up and gain control of most of the stripper well operation.

ECONOMIC JUSTIFICATION

Even if we accept the premise that the allowance was justifiable at one time the new economics of the oil industry make the loophole unjustifiable today.

In the preembargo days when oil was selling at $3.50 a barrel, the value of depletion on the barrel was 77 cents.

Today old oil sells at $5.25 a barrel and thus the depletion shelter is worth $1.15 for old oil.

For "new"—"released" and "stripper well"—oil which is selling at $10.50 a barrel, the depletion allowance is now worth $2.31 a barrel.

For "weighted average U.S. price" oil at $7.50 a barrel the depletion shelter is worth $1.65 a barrel.

And for independents oil which sells at $8.80 a barrel, the shelter is worth $1.17 a barrel.

I include a chart clarifying and explaining the figures at this point in the RECORD:

A. Pre-embargo:
Price per barrel equals $3.50.
Value of depletion-shelter equals $0.77.
B. Today:
1. "Old oil" equals $5.25 per barrel.

New income equals $5.25 minus $3.50 equals $1.75 per barerl (equals 2.27 times 0.77).

Depletion-shelter equals $5.25 times 0.22 equals $1.15 per barrel.

2. "New" (released and "stripper well") equals $10.50 per barrel.

New income equals $10.50 minus $3.50 equals $7.00 per barrel (equals 9.1 times 0.77).

Depletion-shelter equals $10.50 times 0.22 equals $2.31 per barrel.

3. "Weighted average U.S. price" equals $7.50 per barrel.

New income equals $7.50 minus $3.50 equals $4.00 per barrel (equals 5.2 times 0.77).

Depletion-shelter equals $7.50 times 0.22 equals $1.65 per barrel.

4. Independents' price equals $8.80 per barrel.

New income equals $8.30 minus $3.50 equals $5.30 per barrel (equals 6.9 times 0.77).

Depletion-shelter equals $5.30 times 0.22 equals $1.17 per barrel.

In summary, to the extent that percentage depletion is a tax subsidy to encourage the exploration and production of oil, it no longer is economically justifiable. This lost incentive is more than made up for the astronomical increases in oil prices following the 1973 Arab embargo. Even at the lowest current price level—the old oil price of $5.25 per barrel—the price increase represents over twice the amount which percentage depletion provided as a subsidy 2 years ago. And, on the average, the price increases of all oil represent over five times the value of percentage depletion before the embargo.

NO INCENTIVE TO EXPLORE

As I previously noted the depletion allowance, if anything, overencourages drilling in proven fields since the allowance is available only for producing wells, not for dry holes.

Depletion is not necessary to attract new capital for expanded drilling.

The average return on shareholder equity in the industry as a whole was 9 percent in 1972; 15 percent in 1973; and, experts estimate, will be as high as 19 to 20 percent in 1974. Indeed, last year, business was so good and the commitment of the majors to energy-independence so lacking that Gulf Oil Co. was negotiating to buy the Ringling Brothers-Barnum and Bailey Circus and Mobile Oil Co. was able to buy out the Marcor, which owns the Montgomery Ward department stores. Tax subsidies to the oil industry such as percentage depletion helped to put these major companies in the position to use tax-sheltered dollars for these purposes;

A recent survey of 75 independent oil and gas producers showed a 1974 average return on equity capital of 23 percent compared to an overall 1974 average for all manufacturing industries of 14 percent—and this estimate takes into account the cost of drilling dry holes;

Industry expansion has been hindered primarily by a shortage of tubular goods, drilling rigs, and other necessary field equipment;

Even without percentage depletion, both the majors and the independents will have the exploration incentive provided by the allowance of an immediate write-off of intangible drilling costs—which allows about 70 percent of the cost of successful wells to be deducted immediately rather than capitalized—periodic depreciation—as is required of other industries;

During the last 5 years, exploratory drilling in the United States has declined by more than 50 percent. Depletion, then, has cost billions while the level of domestic oil reserves remains relatively constant;

The new high price of oil is itself a sufficient incentive to drill;

It has been estimated that more than one-half the Treasury cost of percentage depletion goes to landowners through royalty income shelters. Landowners do no exploring and incur no risks; so, to the extent the percentage depletion subsidy goes to them, it contributes not one iota to an exploratory "incentive."

To the extent that it might be contended that percentage depletion is an effective incentive, it discriminates in favor of oil and gas and against alternative energy sources, such as solar energy for which there is no tax subsidy at all.

Windfall profits are not necessary in order to finance investment in the search for more energy. In fact, the present profit situation in the industry is so good that, even with depletion repealed, the industry will continue to have easy access to America's capital markets.

One final argument must be dealt with. That is, that depletion will increase the price of gasoline.

Under previous price conditions, there may have been some danger that gasoline prices would increase as a result of eliminating the depletion allowance. To some extent, the depletion allowance may have subsidized lower gasoline prices in the past. However, under present circumstances, gasoline prices are being set by the price of oil. As long as we are paying $10 per barrel for imported oil, uncontrolled domestic oil will sell for a similar price. Removing the percentage depletion allowance will not increase that price, it will merely lower the inordinate profits that result from it.

The days of the oil depletion must come to an end. In its place we need a rational energy policy which produces benefits to the American people commensurate with the tax dollars we use for this purpose.

I urge my colleagues to join with us in repealing the oil depletion allowance.

Mr. HOLLINGS. The Senator from Connecticut is correct. At the time we were talking in the early stages before any discussion of oil depletion on the Senate side, we had a pretty good signal from the House side and thought it would never be raised and tried to cut out unnecessary argument.

The House having now acted and the Senator from Minnesota's (Mr. HUMPHREY) proposal attached to the debt limit bill, in June of last year—led us to believe we were dutybound to bring this before the Senate at this time.

Now, if we do call up my amendment, then I suggest we call it because it would fall as a substitute, call it, lay it down, file a cloture motion and then yield so we could go to the foreign tax credit.

Mr. HARTKE. Will the Senator yield?

Mr. HOLLINGS. Not losing my right to the floor, I yield to the manager.

Mr. LONG. Senator, what I am trying to do is accord the Senator a vote on his amendment.

Now, as far as I am concerned, the Senator has his amendment, if he wants it voted on, he has it just exactly where it ought to be to be voted because he has it as a substitute for the Cranston amendment.

At this moment the Senator can modify his amendment any way he wants to. The yeas and nays have not been ordered.

Mr. HOLLINGS. No, but I understood from the Parliamentarian perfecting amendments are not in order to the amendment in the nature of a substitute.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Is not the Hollings amendment the pending amendment?

Mr. HOLLINGS. Mr. President, on these parliamentary inquiries that are right to the point, we can take those only by unanimous consent. I do not think we can just by unanimous consent mark up a bill.

I yield to the Senator from Indiana.

Mr. LONG. Just to get this straight, my understanding is that the Senator's amendment is the pending amendment and if the Senator is not happy with his amendment, he can perfect it. The Senator can do what he wants to with that amendment; just change it any way he wants to change it.

Mr. HOLLINGS. The distinguished Senator can confuse others, but I refuse to become confused by him, that is why we are here. Now, the Senator does not understand, but I do.

Mr. LONG. Does the Senator not know that he can modify his own amendment?

Mr. HOLLINGS. I have the floor and I will yield now to the distinguished Senator from Indiana.

Mr. HARTKE. I would just like to point out, as I understand the parliamentary procedure at this moment, I would be in a position to modify the Cranston amendment on the foreign tax credit.

Now, the foreign tax credit as offered by the Senator from California does not change in accordance with domestic law as domestic corporations are handled. It raises $460 million, whereas there is at the present time a $2 billion foreign tax credit loss as a result of the oil companies' characterizing their present income as a foreign source income.

Now, I am prepared at this time, have ready an amendment to the Cranston amendment on foreign credit. I personally would hope we could go ahead and proceed much in the fashion the Senator from Connecticut has indicated, take these matters up individually on their merits and work it out.

The depletion allowance is one item where we should work out a solution, if possible. The foreign tax credit matter is another item that is a very clearcut item. It is not very difficult to understand.

I think the Senate would certainly follow that procedure on foreign tax credit, which we can raise $2 billion, $1 billion, or $160 million, which is the Cranston procedure.

DISC is another matter. I would hope in some way we could come back and have an individual vote.

It is going to be difficult enough for most people to follow what is going on in any one of these items without confusing them.

I am perfectly content to vote any way the Senator does. I think I understand what is being done, but I do not think it is quite that clear to a majority of this body.

Mr. HOLLINGS. Well, to the Senator from Indiana it is not clear. It is a confusing situation because of the position we worked ourselves into, but if we get a test vote here, we might well be working, if Senator CRANSTON prevails in the perfecting amendments, as the Senator suggests, otherwise bring down a compromise and try to perfect it.

Then that will be apart from any foreign tax credit and Direct Investment Sales Corporation, and all the other bills.

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

Mr. DOLE. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. DOLE. I understand the Senator from South Carolina would offer a perfecting amendment. If so, what would that perfecting amendment do?

Mr. HOLLINGS. I am not offering a perfecting amendment.

Mr. DOLE. I understand the Senator might offer a perfecting amendment. Will that protect the truly small independent?

Mr. HOLLINGS. Yes. We have been trying to work to get a consensus on the Senator's side of the aisle and on our side of the aisle, in line with what the distinguished Senator from Louisiana was talking about in the television interview, about the million-dollar operator. That is still pretty big. But that is the small independent.

We were trying to get together some of the votes and then, bang, this came out of the blue and got us into the foreign investment tax credit, the direct sales tax credit, and so forth. I am trying to clear the decks to work back to our original intent.

Mr. DOLE. I will point out to the distinguished Senator from South Carolina—and he has touched on this point—that the world "independent" needs redefinition.

I will state, as I stated in the Finance Committee, that in the State of Kansas we have some 10,000 wells that produce less than 1 barrel a day, and of Kansas total 42,000 wells the average daily production is less than 4 barrels a day. I would hope the Senator from South Carolina would not suggest that these are the large giants that we hear about.

It seems to this Senator that there are truly independent operators that deserve special consideration if we are concerned about an energy crisis, if we are concerned about capital, and if we are con-

cerned about keeping these real independents in business.

Mr. HOLLINGS. I thank my distinguished colleague.

I yield to the Senator from Hawaii.

Mr. INOUYE. Will the Senator from South Carolina advise the Senate if he is willing to yield the floor after this vote to permit the Committee on Appropriations to bring up the long-awaited foreign aid bill?

Mr. HOLLINGS. Yes. I will go along with the manager. Ask him. He is the manager of the bill.

I was trying to have a chance to lay this before the Senate and file a cloture motion so everyone would know where we are.

It depends on the outcome of the vote.

If Senator CRANSTON prevails, we would have to put a perfecting amendment to his particular amendment, and then the Senator would be asking him and the distinguished Senator from Louisiana.

Without losing my right to the floor, I yield to the Senator from Texas.

Mr. BENTSEN. I would like to comment on the numbers presented as to the yield on equity by the independents.

I have the document the Senator has utilized which is entitled "A Random Survey of Small Publicly Owned U.S. Oil and Gas Producers."

It is an interesting thing about this random survey that we have almost 40 percent of the alphabet missing.

In addition to that, I find that well over one-third of those companies that are listed in the survey have over 3,000 barrels a day and, therefore, would be limited by this particular 3,000-barrel amendment, by the one I have introduced which is at the desk, and by the one Senator CRANSTON has introduced.

So I do not really believe that survey is representative in trying to show what the yield is.

I would also like to comment on the remarks of the distinguished Senator from Colorado, who says that he is opposed to depletion. I am opposed to depletion for the majors, too.

I am willing to limit the foreign tax write-off and change the accounting practices of the majors, which I think have allowed them to do some of the financing of some of their foreign production at the expense of the U.S. taxpayer.

But I think it ought to also be understood that the distinguished Senator from Colorado, as I understand his statement, is really against the oil depletion allowance on the smaller companies.

In addition to that, I understand he is also concerned about the practices that allow capital gains on the sale of timber.

Mr. HASKELL. Will the Senator yield?

Mr. BENTSEN. If I may continue on this point, please, when we talk about independents, I do not think anyone is saying that these are poor people. That is not the representation. Second, that is not the representation I am making.

However, let us look at them in relation to the major companies. If you are going to have a viable competitor, then if you are talking about drilling a 15,000-foot well it can cost $1 million.

At the present time, the independent is drilling more of the exploratory wells, than the major. He has to be a viable competitor. That means he has to be capable of taking a $1 million loss if he is going to be able to do that kind of competition.

That is why I think you have to have a limitation on size at 3,000 barrels.

As has been stated here, the independent has done about 80 percent of the wells; he has drilled over 80 percent of the completions; he has found most of the new fields. He takes the big risk.

The major is the one who has been developing production which has already been found and stepping out on the discovered reserves.

We are not going to keep this independent in the business unless he has the depletion allowance, in my opinion.

I know years ago we could go to some of these trade associations and find people of all ages working in them. We are talking about trade associations in the oil industry. But over the last few years, we did not find any young people going into that business. Now we are seeing them come back into the business.

If we are going to develop self-sufficiency in this country, that means that we are going to have to keep drilling these exploratory wells.

Let me say the easy reserves have been found. The wells they are drilling now are deeper wells. The cost of drilling a 4,800-foot well increased 450 percent in a period of 10 years. That was before the embargo.

Now let me relate what has happened just since the embargo. The cost of drilling a 4,800-foot well has doubled since the embargo was placed, from the beginning of the embargo to this period of time. That is one of the reasons why you are finding it very difficult to find this oil, and why it is very expensive to find it.

I will say what will happen.

Some say some of these independents are people of wealth, and some of them are. But they do not have to stay in this business. What they will do is look at the final bottom line. With the depletion allowance gone, and being in a high-risk business, they are going to pick up their chips and sell. They are going to sell out to the major. That is who they will sell out to.

The majors are then going to have all the business, and I think that is wrong. I think they ought to have the competition of the independents.

Let me tell you this, I have owned an interest in a few small independent service stations along with my brother. I am telling you, the majors are tough competition. We did not have the kind of capital to sustain that kind of competition, so we sold out, and we sold out to the majors.

I have been down that road. That is what I think is going to happen to your independents in this country if you take the depletion away from them.

Again, I am for taking it away from the majors, both overseas and domestically. I am for putting a limitation on the foreign tax credits.

I am also saying to that independent producer that he has to plow it back into the ground to help develop the reserves of this country, to develop the self-sufficiency of this country in energy, so that we are not going to find ourselves held political hostage to a group of Middle East countries on our foreign policy.

I think we are talking about a very crucial issue here, and I strongly support the idea that we keep this independent in business.

I thank the distinguished Senator.

Mr. HOLLINGS. Mr. President, I ask unanimous consent to yield for a moment to the distinguished Senator from Delaware.

Mr. ROTH. Mr. President, I ask unanimous consent that Mr. Bruce Thompson, of my staff, be permitted the privilege of the floor during the vote.

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

Mr. HOLLINGS. Mr. President, the report that my friend from Texas referred to was presented to the Finance Committee on Monday a week ago. He does not refer to inaccuracies. He says it looks funny that all the alphabet is not there. There are some companies left out. Those who had refineries were intentionally left out. When he talks about the 3,000 barrels, all over 3,000 barrels, there are only 124 producers of the 10,000.

Finally, we go to the dispassionate voice of one who may have owned or not; but here is Fortune Magazine and Barron's Financial, from which I quote "The New Oil Rush in Our Own Backyard," in June of last year:

> These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship——

That is when the Senator from Texas was in there, under that hardship—

> spectacular higher prices for oil and gas have suddenly thrust the independents into a new prosperity.

This is from Barron's Financial Weekly dated just 3 months ago, in December:

> At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.

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

Mr. HOLLINGS. I yield, with the understanding that I will not lose my right to the floor.

Mr. MAGNUSON. Mr. President, high prices have created tremendous windfall profits for oil companies. The size of the windfalls is so large that the numbers are hard to grasp and 1974 profits on domestic oil production alone were over $9 billion after taxes. These windfall profits were in large part attributable to taxpayer subsidies of the oil industry. It is

time Congress insists that the oil industry pay its fair share of taxes on these increased profits. I am pleased to join with Senator HOLLINGS, KENNEDY, and others in an amendment to H.R. 2166, the tax cut bill. Our amendment will begin to restore equity to the energy tax system. We propose that the Senate act to repeal the oil and gas depletion allowance immediately. This huge tax loophole has outlived any usefulness it may have had. Simple justice requires that taxpayers no longer subsidize the industry that is reaping windfall profits far in excess of anything our Nation has ever experienced.

Proposals for repeal of oil depletion certainly are not new. The sponsors of subsidies to the oil industry have been around as long as the income tax, and so have those who oppose such special treatment. But it is now time to give serious scrutiny to the philosophy underlying continuation of depletion allowances. Depletion allowances are simply direct, out-of-pocket subsidies from taxpayers to producers. Any rationale that such subsidies were necessary in 1972 simply does not apply under the energy economy of 1975. Formerly, depletion was defended as needed to make domestic oil and gas exploration and development financially competitive with cheap foreign crude oil. But today, the new high prices of foreign oil provide a distinct price advantage to domestic producers.

Current windfall profits for the production of domestic oil and unregulated natural gas provide plenty of incentive for domestic development without additional taxpayer subsidies which make domestic production even more profitable. Today, domestic development activity is constrained not by lack of capital or profit incentive, but rather by the physical capacity of the industry and its equipment suppliers. The industry is suffering severe resource shortages. Retention or repeal of the depletion allowance will not relieve or eliminate these shortages. However, retention of depletion will provide an added $25 billion windfall to oil producers this year alone.

One of the major questions Senators have asked me about the merits of oil depletion is whether or not the oil industry needs its current profit levels to expand domestic exploration and development at maximum rates. The answer is "No."

In 1974, the domestic oil producing industry experienced profits of approximately $9 billion after taxes. This figure compares to $4 billion in 1973. Repeal of depletion will cost oil companies about $25 billion this year. Several Senators have suggested that increasing the tax liabilities of the industry through depletion repeal will discourage needed exploration and development of domestic oil resources. Current oil industry profits are so high that it is impossible for the industry to utilize them profitably for increased exploration and development. Mobil Oil Corp. announced last year it planned to buy 51 percent of Marcor Corp., parent company of Montgomery Ward's Stores and Container Corp. of America. Mobil indicated this purchase would cost approximately $350 million. This huge sum of money will be paid out of profits earned by Mobil since the fuel shortage struck the United States last fall.

Skeptics may wonder why a major oil company would be conglomerating into retail merchandising outlets if oil industry profits are as high as claimed. The answer is simple. The industry today cannot effectively utilize its present profits exclusively within the oil industry.

The industry needs only profits levels sufficient to attract investment which will fully occupy its potential exploration capacity. The restraints on exploration for the next several years will be resource limitations-not sufficient capital.

A convention held last year by independent oil producers underscores this point. At the Texas Independent Producers Convention, which was held in Houston last summer, and at which several Senators appeared, Mr. Simmons of Western Co. stated:

> Only about 1,770 U.S. rotary drilling rigs were capable of working in 1974. That number was down from 3,500 in the period 1955–56.

He estimated the highest attainable efficiency for these rigs would put only about 87 percent, or some 1,500, on the line. Hughes Tool Co. tabulations indicate that more than 1,400 were making hole in 1974.

Annual U.S. rig-making capacity is only about 50 big rigs, capable of digging to 25,000 feet and 50 small ones, in the 12- to 20,000-foot class. Facilities to make the big rigs which are used chiefly offshore are booked for 2 to 3 years. So the net addition to the available rigs each year will be only 5 or 10 a year.

As Mr. Simmons concluded:

> There's your problem, gentlemen: Rigs.

The president of Union Oil Co. has publicly stated the same conclusion. In hearings before a California State legislative committee, Mr. Fred Hartley said:

> I think the incentive is currently greater than required, and that the oil company profits . . . Our company included—verify that.

He added that profits have risen more than needed as an incentive for more exploration.

The arithmetic makes clear that there are absolute limitations on the ability of the domestic oil industry to expand its current exploration activities. There is simply no economic justification for current profit levels. These profits will not generate additional oil. They will simply accelerate horrendous cost-push inflation within the oil industry.

I expect that we will all hear the argument that this tax cut bill is an inappropriate vehicle for tax reform. I understand such concerns. I do not lightly recommend that the Senate act without further hearings on this matter. The Senate Finance Committee has held extensive hearings on this and other proposals in the last month. I believe the Senate must proceed. Tax subsidies are pouring to domestic oil producers at the rate of $6.9 million every day that the current depletion allowance is retained. Further delays will not add significant new information to the public record. The operation of the depletion allowance is widely understood. The literature on the subject is vast. Proponents and opponents of depletion have appeared many times on Capitol Hill over the last decade.

The totality of this public record indicates that depletion allowances have not stimulated exploration and development. To the contrary, a Library of Congress study indicates that they have stimulated overdrilling of existing fields. Further, depletion allowances reward large domestic producers out of proportion to the rewards received by smaller producers. Worst, during today's energy shortages, depletion allowances actively discourage capital expenditures in cheaper, more abundant energy sources, such as coal liquefaction, oil shale, and solar energy.

The Congress must choose the most efficient incentives to encourage the production of new domestic energy supplies. Existing depletion tax subsidies are inefficient incentives. In fact, they often act as disincentives to additional exploratory activity.

Such inefficient tax subsidies cannot be justified during times of windfall producer profits. Domestic oil prices have more than doubled over the past 2 years, and the average price of domestic crude oil continues to rise.

The President's Energy Message calls for a tax on windfall profits. The Senate voted last year in favor of a price rollback. It is unconscionable to argue that tax subsidies are needed to further increase oil profits today.

In 1972, domestic crude oil was more expensive than foreign crude oil. Today, foreign crude oil has a posted price in excess of $11 per barrel. The cost of domestic crude oil production averages less than $4.25 per barrel. Yet, new domestic crude oil is being sold at foreign crude oil prices. Domestic producers are now reaping a $6.75 per barrel windfall on new oil sales. Repeal of the oil depletion allowance will reduce this windfall to about $5.65 per barrel. So, immediate repeal of depletion will still leave massive increased profits as incentives to attract expanded oil and gas production. I wish to emphasize that the Senate voted last year in favor of a $3 per barrel roll-back on domestic crude oil. Repeal of depletion would result in a reduction in profits of approximately $1 per barrel of the most expensive domestic crude oil. The average price impact would be less about 75 cents per barrel.

I believe there are three overriding reasons to repeal depletion tax subsidies today. Depletion allowances are inefficient subsidies. They have not stimulated exploration for new resources, they have stimulated overdrilling of already existing oil fields. Second, depletion allowances discourage production of cheaper and more abundant energy sources. They make investment in alternative energy sources such as solar and coal liquefaction distinctly disadvantageous. Third, it is simply not true that windfall profits are needed to finance future oil and gas expansion. 1974 capital investment levels were about 30 percent above 1973. Yet, 1974 profits were over 100 percent above 1973 levels for independents. There is no need for these huge windfalls. Even Secretary Simon has conceded:

In the short run, changes in percentage and depletion should have little effect on the rate of expenditure of discovery efforts . . . In the long run, a change in depletion should have no effect, per se, on the rate of production.

I understand that many spokesmen for the industry have raised the red flag of increased costs for consumers if depletion allowances should be repealed. This is patent nonsense. It is true that repeal of depletion would cut into the profits of domestic producers. It is not true that this change in profits could be passed through to consumers. The limit on the price people pay for gasoline today is set by the price of foreign crude oil imports. Arab oil prices will not be affected by the repeal of U.S. domestic repeal allowances. Until the cost of U.S. domestic production reaches the cost of foreign crude oil imports, the tax subsidy structure for domestic production will have no effect on the price of domestic oil products to consumers. Any attempt to waive the "boogie man" of increased profits while OPEC is controlling the world price of oil is simply untrue.

I am pleased to report the strong support of professional economists and tax policy experts for this depletion repeal proposal. Economists around the Nation recognize that the basic economics of the oil-producing industry has changed here in the United States. This is a time of massive windfall profits for majors and independents alike. The industry is arguing for higher and higher profits while doggedly asserting its unlimited right to continued taxpayer subsidies.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter sent to Congress by economists and tax policy experts from around the Nation.

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

PUBLIC INTEREST ECONOMICS CENTER,
Washington, D.C.

TO THE CONGRESS OF THE UNITED STATES:

For many years the Federal government has lightened the tax burden of the petroleum and other extractive industries by special provisions of the tax code. These indirect subsidies have been one of the causes of our long-run energy problem. They have stimulated production and consumption, draining the U.S. of our oil and increasing our dependence on foreign sources. And they have inhibited the development of substitute sources of energy, such as geothermal and solar, which do not benefit from these special provisions.

One alternative—to keep the present provisions intact and add on a "temporary" excess profits tax and a special investment tax credit—seems likely to be a mistake. The excess profits tax may indeed prove temporary while the special investment tax credit proves permanent, which has been the history of minerals taxation. This would further complicate an already too complicated tax code, creating new inequities and distortions, further lightening the oil industry's tax burden and worsening our long-run energy problem. On the contrary, the remedy is to simplify the tax code and move toward greater tax neutrality by eliminating the special privileges.

We should eliminate the percentage depletion allowance and treat capital expenditures in the extractive industries on the same basis as those in other industries. In the past, petroleum companies have been permitted to treat what are essentially royalty payments and excise taxes as foreign income taxes subject to the foreign tax credit. This practice should be reformed. If we eliminate the special provisions for the extractive industries, then it is doubtful that we would need an excess profits tax for petroleum. Incentives for exploration and development should not be made in the tax code. If such incentives are needed, they should be made explicitly on the expenditure side of the budget.

Respectfully submitted,

Signed by following signators.

Allen R. Ferguson, President, Public Interest Economics Center.

Dr. Armen A. Alchian, Los Angeles, California.

Professor Kenneth J. Arrow, Department of Economics, Harvard University.*

Professor Robert T. Averitt, Department of Economics, Smith College.

Carolyn Shaw Bell, Katharine Coman Professor of Economics, Wellesley College.

Professor Charles A. Berry, Department of Economics, University of Cincinnati.

Professor Bradley B. Billings, Department of Economics, Georgetown University.

Professor Stanley W. Black, Department of Economics, Vanderbilt University*.

Dr. Gerard M. Brannon, Research Professor of Economics, Georgetown University.

Professor Charles J. Cicchetti, Department of Economics, University of Wisconsin.

Professor James Crutchfield, Department of Economics, Graduate School of Public Affairs, University of Washington.

Professor John H. Cumberland, College of Business and Public Administration, University of Maryland.

Professor Paul Davidson, Department of Economics, Rutgers University.

Professor Robert K. Davis, Department of Geography and Environmental Engineering, Johns Hopkins University.

Professor Fred C. Doolittle, Joint Program in Law and Economics, University of California at Berkeley.

Professor Thomas D. Duchesneau, Department of Economics, University of Maine.

Professor Robert Eisner, Department of Economics, Northwestern University.

Professor Arthur M. Freedman, Finance Department, Wharton School, University of Pennsylvania.

Professor A. Myrick Freeman III, Department of Economics, Bowdoin College.

Dr. John W. Fuller, Wisconsin Department of Transportation.

Professor Daniel R. Fusfeld, Department of Economics, University of Michigan.

Professor J. K. S. Ghandhi, Finance Department, Wharton School, University of Pennsylvania.

Professor Arnold C. Harberger, Department of Economics, University of Chicago, and Visiting Professor of Economics, Princeton University.

Professor Steve H. Hanke, Department of Geography and Environmental Engineering, Johns Hopkins University.

Professor Robert Haveman, Department of Economics, University of Wisconsin.

Professor Edward S. Herman, Finance Department, Wharton School, University of Pennsylvania

Dr. Allen V. Kneese, Washington, D.C.

Professor Edwin Kuh, Department of Economics, Massachusetts Institute of Technology.

Dr. Jack L. Knetsch, Environmental Defense Fund.

Dr. John V. Krutilla, Washington, D.C.

Professor Wassily Leontiev, Department of Economics, Harvard University.

Professor Ervin Miller, Finance Department, Wharton School, University of Pennsylvania.

Professor James R. Nelson, Department of Economics, Amherst College.

Professor Roger G. Noll, Department of Economics, Division of the Humanities and Social Sciences, California Institute of Technology*.

Dr. Benjamin A. Okner, Washington, D.C.

Professor Charles E. Olson, College of Business and Management, University of Maryland.

Dr. Talbot Page, Washington, D.C.

Dr. Joseph Pechman, Washington, D.C.

Professor Giulio Pontecorvo, Graduate School of Business, Columbia University.

Dr. Ronald G. Ridker, Washington, D.C.

Professor Stefan H. Robock, Graduate School of Business, Columbia University.

Professor Paul A. Samuelson, Department of Economics, Massachusetts Institute of Technology.

Professor James D. Smith, Department of Economics, Penn State University.

Professor V. Kerry Smith, Department of Economics, State University of New York at Binghamton.

Professor Robert M. Solow, Department of Economics, Massachusetts Institute of Technology.

William Vickrey, McVickar Professor of Political Economy, Columbia University.

Professor Charles Waldauer, Department of Economics, Widener College.

Professor Harvey E. Brazer, Department of Economics, University of Michigan.

Professor Duane Chapman, Department of Economics, Cornell University.

Professor George M. Eastham, Department of Economics, California Polytechnic State University.

Professor Robert J. Gordon, Department of Economics, Northwestern University.

Professor Byron Johnson, Department of Economics, University of Colorado, Member, 86th Congress.

Professor Warren J. Samuels, Department of Economics, Michigan State University.

Professor Carlos Stern, Department of Environmental Economics, University of Connecticut.

G. L. Stevenson, Temporary New York State Charter Commission for New York City.

Professor Lester C. Thurow, Department of Economics, Massachusetts Institute of Technology.

Professor T. Nicolaus Tideman, Department of Economics, Virginia Polytechnic Institute and State University.

Professor James Tobin, Department of Economics, Yale University.

Mr. MAGNUSON. Mr. President, In this letter, 59 noted economists, including three Nobel laureates, recommend the termination of the depletion allowance. Prof. Arthur Wright has stated elsewhere that the depletion allowance is a "very clumsy and ambiguous way to provide subsidies." Otto Eckstein, a member of the Council of Economic Advisers under President Johnson, was gracious enough to send me a letter on the subject and describes the depletion allowance as "obsolete." Stephen McDonald, chairman of the Department of Economics at the University of Texas, has stated publicly that—

A direct cash subsidy to, say, exploration, would be preferable to the percentage depletion allowance.

As far back as 1968, the Treasury Department released a study entitled, "The Economic Factors Affecting the Level of Total Domestic Petroleum Reserves." The major conclusion of the study was:

Percentage depletion is a relatively inefficient method of encouraging exploration and resultant discovery of new domestic reserves of liquid petroleum.

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* Affiliations are indicated for purposes of identification only.

Mr. President, I have been deeply impressed by the volume of mail I have received from the professional economists and tax policy experts around the Nation. These letters have been from individuals of national and international reputation, men and women held in the highest regard by their professional peers.

Mr. President, I wish to quote two recent statements which reinforce the opinions expressed in these letters. The first is by Mr. Fred Hartley, president of the Union Oil Co. He told a California State legislative committee on crude oil pricings:

I think the incentive is currently greater than required, and that the oil company profits . . . our company included—verify that.

He added that, since new oil prices have risen so far, profits have risen more than needed as an incentive for more exploration.

Secretary of the Treasury William Simon testified before the Senate Finance Committee last summer and stated:

I am not saying that, just because of the capital intensity of this industry, as many studies have stated, these industries should average after tax 18% or 20% return, because I do not frankly buy that.

They ought to have just sufficient return on capital to enable them to attract the investment, not all internally generated, to do what has to be done here in the United States.

There is no better time for the Senate to consider repeal of the oil depletion tax loophole than in the question of tax relief for the ordinary consumer. Consumers have grown increasingly more frustrated as oil industry profits skyrocket. Energy supplies grow short, and the oil subsidy burden on the common taxpayer increases. Repeal of the depletion allowance, effective January 1, 1975, will yield $2.4 billion in revenue this year alone. This money is readily available for redistribution for hard-pressed taxpayers.

The time to act is now. The choice is simple. Does the Senate wish to maintain unconscionably high windfall profits for big oil, or does the Senate wish to provide relief to the ordinary workingman?

Mr. HASKELL. I ask unanimous consent to have printed in the RECORD materials I put together in a letter addressed to "Dear Colleague."

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

WASHINGTON, D.C.,
March 14, 1975.

DEAR COLLEAGUE: Even though the nation can ill afford the delay, the Senate has no responsible course but to consider repeal of the oil depletion allowance in conjunction with the tax cut bill.

Hoping to speed consideration of the tax cut bill, I voted in the Senate Finance Committee to sever the two issues. But now 20 of our colleagues have announced they will press for floor debate on depletion. Further, House proponents of repeal threaten to reject any tax cut conference report which does not include it.

The Senate seems compelled at least to debate the issue, if only to avoid a disastrous deadlock on the desperately-needed tax cut. But while we must delay, we may still take advantage of a chance to breech the wall of so-called loopholes by eliminating the one against which many others are mere peepholes. I will vote to repeal percentage depletion.

However, it is virtually certain that an effort will be made during debate on repeal to exempt "independent" oil producers. After months of careful consideration, I am determined to vote against any such exemption, even though my state, Colorado, is headquarters for more independent petroleum producers than any other state. I will, however, support the phased elimination of percentage depletion as proposed by Senator Ernest F. Hollings and others.

My analysis of the issue is summarized in the enclosed memorandum; I hope you will give it your attention in advance of the Senate vote on percentage depletion. I believe it shows conclusively that depletion is no longer justified for any segment of the American petroleum industry. You will see that the tremendous increase in crude oil prices over the past two years represents new income to the industry of over five times—and for independents, six and a half times—the value of percentage depletion at pre-embargo crude oil prices.

The analysis shows conclusively that the independents are not quite the struggling "little guys" we have been told they are. They include companies such as Basin Petroleum, whose gross revenues jumped from $7.9 million in 1972 to $23 million in 1974. And for 1973, the most recent year for which figures are available, Basin paid no federal taxes on gross revenues of $15.6 million. Other similar instances are cited in the analysis.

In the face of such data, we will be asked to retain percentage depletion, possibly in one of two forms: either by exempting from repeal the first 3,000 barrels of daily production for all petroleum companies or by exempting all "non-integrated" oil producers. The latter form would cost an estimated $640 million per year.

According to Treasury Department testimony before the House Ways and Means Committee last year, the 3,000 barrel daily exemption would retain depletion for up to 40 percent of all domestic oil production and, would cost around $1 billion annually. That proposal would allow a deduction to producers of $2.6 million on gross revenues of up to $12 million.

If simple tax justice demands a repeal of the percentage depletion allowance—and I believe it does—it argues even more strongly against any exemption for a segment of the industry already basking in unprecedented prosperity. These so-called "little guys", while unquestionably a valuable part of the industry, are also selling oil at the highest prices, enjoying the greatest profits and, as my analysis points out, paying little or no taxes.

Again, I hope you will give this analysis careful study. Should you care to comment, I will look forward to discussing this matter personally with you.

Sincerely,

FLOYD K. HASKELL,
U.S. Senator.

REPEALING THE PERCENTAGE DEPLETION ALLOWANCE

The percentage depletion allowance was enacted by the Congress in 1926—13 years after the establishment of the income tax itself. From 1926 to 1969, the tax laws permitted taxpayers with oil and gas income to deduct from their net income 27.5% of their gross receipts in determining their taxable income. The Tax Reform Act of 1969 lowered this percentage to the presently applicable 22 percent.

Preliminarily, we must understand two very basic points. First, percentage depletion is a tax subsidy designed to provide an incentive to the energy industry to explore for and develop energy sources. Second, in this light, percentage depletion is a federal tax expenditure which is paid for by the American people through the higher taxes they must pay in order to take up the slack in tax revenues caused by those tax dollars we forego in order to provide this incentive. Today, the price tag on the percentage depletion subsidy is $3 billion. The question we must ask is whether this expenditure is worth making: I am convinced it is not. We can now recapture this $3 billion and put it to work in other ways—to reduce the size of the anticipated budget deficit, to fund federal programs which the President has asked the Congress to put on the backburner or to increase the size of the tax relief we are about to legislate to help reverse our slide into a depression.

I. THE SIMPLE ARITHMETIC OF REPEALING PERCENTAGE DEPLETION

Is the percentage depletion allowance justifiable as a tax incentive today? It is not. Let us look at the facts of oil production and prices to get a true accounting of this subsidy.

Before the 1973 Arab oil embargo, the world price of oil was approximately $3.50 per barrel. Depletion exempted 77¢ of this amount from federal income taxation ($3.50 × 22% equals 77¢). When the price of a barrel of oil reached $4, depletion exempted 88¢ from taxation. Thus, the operative effect of percentage depletion under present law is to increase the value of the tax subsidy as prices and profits rise—in inverse relationship to the need for a federal subsidy.

Today, the average weighted price of "old" oil is controlled at $5.25 per barrel—50% higher than the pre-embargo $3.50 price. The price of "new" (uncontrolled) oil has risen to the world market level of $10–11 per barrel, or approximately 300% of the pre-embargo price level. The average U.S. price today is $7.50 per barrel, while the average price obtained by domestic independents is about $8.80 per barrel. (The independents' average is higher than is the majors because 75% of the oil sold by the independents is not controlled, whereas 80% of the oil sold by the majors is subject to price controls).

Thus, even a modest increase in the price of oil from $3.50 to $4.50 per barrel would have provided sufficient new income to more than offset the loss of 77¢ in depletion-sheltered income. The average price of $7.50 per barrel represents new income to the industry of over fire times the value of percentage depletion at $3.50 per barrel. And, for the independents, the price increase means 6½ times the value of depletion at the pre-embargo price.

Table 1

(A) Pre-embargo:
Price per barrel equals $3.50.
Value of depletion-shelter equals 77¢.
(B) Today:
1. "old oil" equals $5.25 per barrel.
New income equals $ 5.25—$3.50 equals $1.75 per barrel (equals 2.27 times 77¢).
Depletion-shelter equals $5.25 x 22¢ equals $1.15 per barrel.
2. "new ("released" and "stripper well") equals $10.50 per barrel.
New income equals $10.50—$3.50 equals $7.00 per barrel (equals 9.1 times 77¢).
Depletion-shelter equals $10.50 x 22¢ equals $2.31 per barrel.
3. "weighted average U.S. price" equals $7.50 per barrel.
New income equals $7.50—$3.50 equals $4.00 per barrel (equals 5.2 times 77¢).
Depletion-shelter equals $7.50 x 22¢ equals $1.65 per barrel.
4. independents' price equals $8.80 per barrel.
New income equals $8.30—$3.50 equals $5.30 per barrel (equals 6.9 times 77¢).
Depletion-shelter equals $5.30 x 22¢ equals $1.17 per barrel.

In summary, to the extent that percentage depletion is a tax subsidy to encourage the exploration and production of oil, it no longer is economically justifiable. This lost incentive is more than made up for by the astronomical increases in oil prices following the 1973 Arab embargo. Even at the lowest current price level—the old oil price of $5.25 per barrel—the price increase represents over twice the amount which percentage depletion provided as a subsidy two years ago. And, on the average, the price increases of all oil represent over five times the value of percentage depletion before the embargo.

II. PERCENTAGE DEPLETION AS AN INCENTIVE: DOES IT REALLY WORK?

The discussion to this point has implicitly accepted the fundamental premise that percentage depletion as such is an effective stimulant to the exploration and development of oil sources. We have shown that, accepting the premise that percentage depletion was once justifiable, the current state of the oil economy makes the subsidy no longer necessary or appropriate.

But, the premise itself is debatable. We have heard that to repeal percentage depletion is to "punish" the industry—especially the "little guy", the domestic independent producer. The fact is we are not trying to "punish" anyone. Rather, we are only trying to achieve a measure of tax equity. We are only asking that oil companies pay taxes like everyone else. In fact, we are not even going so far as to put the oil companies on an even tax keel, since we are leaving them with their "intangible drilling cost"—a rapid write off of the cost of drilling successful holes. And, the fact is that it is this tax provision, if any, which truly provides an incentive to new oil exploration.

The oil lobby says we need oil; that the depletion allowance fosters oil exploration and development; and, that depletion allowances will help to make America energy-independent. The first proposition is an obvious truism—but after that point, the oil lobby departs from reality and enters the world of public policy blackmail. Each step of the way, the contentions of the oil industry must be challenged by the Congress. The facts are that:

(1) Percentage depletion has never encouraged the exploration and development of new oil. Indeed, it is more plausible to argue that the allowance promotes dependence upon existing proven fields since depletion applied only to producing wells and is unavailable for dry holes (a loophole in the hand is worth more than two in the bush);

(2) Depletion is *not* necessary to attract capital for expanded drilling:

The average return on shareholder equity in the industry as a whole was 9% in 1972; 15% in 1973; and, experts estimate, will be as high as 19–20% in 1974. Indeed, last year, business was so good and the commitment of the majors to energy-independence so lacking that Gulf Oil Company was negotiating to buy the Ringling Brothers-Barnum and Bailey Circus and Mobil Oil Company was able to buy out the Marcor (which owns the Montgomery Ward department stores). You can be sure that tax subsidies to the oil industry such as percentage depletion helped to put these major companies in the position to use tax-sheltered dollars for these purposes;

A recent survey of 75 independent oil and gas producers showed a 1974 average return on equity capital of 23% compared to an overall 1974 average for all manufacturing industries of 14%—and this estimate takes into account the cost of drilling dry holes;

Industry expansion has been hindered primarily by a shortage of tubular goods, drilling rigs, and other necessary field equipment;

Even without percentage depletion, both the majors and the independents will have the exploration incentive provided by the allowance of an immediate write-off of intangible drilling costs—which allows about 70% of the cost of successful wells to be deducted immediately rather than capitalized (periodic depreciation) as is required of other industries;

During the last five years, exploratory drilling in the United States has declined by more than 50%. Depletion, then, has cost billions while the level of domestic oil reserves remains relatively constant;

The new high price of oil is itself a sufficient incentive to drill;

It has been estimated that more than one-half the Treasury cost of percentage depletion goes to landowners through royalty income shelters. Landowners do no exploring and incur no risks; so, to the extent the percentage depletion subsidy goes to them, it contributes not one iota to an exploratory "incentive";

To the extent that it might be contended that percentage depletion is an effective incentive, it discriminates in favor of oil and gas and against alternative energy sources, such as solar energy for which there is no tax subsidy at all.

III. THE PROPOSED EXEMPTION FOR DOMESTIC INDEPENDENT PRODUCERS

It has been proposed by some to exempt from the repeal of percentage depletion domestic independent producers. The proposed exemption would continue indefinitely percentage depletion on the first 3,000 barrels produced per day. Alternatively, it may be proposed to limit the repeal of percentage depletion only to "integrated" oil companies, i.e., the majors. This latter approach was that taken in the amendment offered by Representative Wilson during the House debate of the Tax Reduction Act of 1975.

Any such exemption on a permanent basis would be inappropriate. It has been estimated that such an exemption would cost the American people a minimum of $1 billion a year and that it would continue percentage depletion on 30–40% of all domestic oil. Why not take this route? There are two chief reasons, both of which follow the logic of the above discussion.

First, the exemption would continue this tax subsidy for those companies now selling oil at the highest prices and making the greatest profits.

Second, the exemption would have no positive affect on the supply of oil since the tripling of oil prices is itself a sufficient incentive to exploration and development.

Let us take a careful look at this proposed exemption and the taxpayers to which it would apply. Let us see just who it is we're putting on the tax welfare roles with this exemption for independents.

We're talking about Basin Petroleum Company. This company had gross revenues in 1972 of $7.9 million. In 1973, gross revenues increased to $15.6 million and last year they jumped again to $23 million. Earnings per share in that time jumped from .22 in 1972 to $1.00 in 1974. Their 1974 return on shareholder equity was 50%. Basin Petroleum's federal income bill in 1973 was: $0.

We're also talking about Houston Oil and Minerals Company. Houston Oil's gross revenues in 1972 were $4.7 million and in 1973 they were $9.5 million. In 1974, they were $40.0 million. Earnings per share jumped from .33 to $3.60 and return on stockholder equity in 1974 was estimated to be 75%. In 1973 (the latest available figures) Houston Oil's effective tax rate was 0%. (See Table Three)

During the House debate on percentage depletion, Congressman Green estimated that the exemption would continue this unjustifiable tax subsidy for oil companies with gross annual revenues of $7,500,000 to $12 million. This means that there will be tax exemption for up to $2,640,000 of otherwise taxable income for each producer—and all but 70 of the 10,000 domestic petroleum producers would be able to take this advantage.

(A) Profits:

The profits of small producers are, in fact, higher than those of the majors.

U.S. prices now average $7.50 a barrel—depletion provides an exemption for $1.65 of this amount, but the price increase itself ($4) more than compensates for the loss of the depletion allowance;

The independents are actually getting more for their oil than are the majors (the independents sell at an average price of $8.80 per barrel). 75% of the oil sold by them is not subject to price controls (hence, sells at $10–11 per barrel), while 80% of the oil sold by majors is controlled (and sells for $5.25 per barrel);

When oil is sold at the world price by independents—$10 to $11 per barrel—the price increase from last year is itself over nine times the value of depletion benefits at old levels (and the value of percentage depletion at the $10.50 level equals $2.31 per barrel).

The relative advantages which these domestic independent producers enjoy over the majors were recently summarized as follows:

"At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns." (Barron's Financial Weekly, December 2, 1974).

(B) A Loophole You Could Drive An Oil Truck Through:

In testimony before the House Ways and Means Committee, the Treasury Department testified against the independent exemption, stating that producers can be expected eventually to rearrange their ownership (as through intricate lease-swapping arrangements) to take advantage of the exemption;

"Small independents" which would be sheltered from the repeal of percentage depletion are often very wealthy people who pay little in taxes. Under the 3,000 barrel exemption a company could have gross revenues of up to $12 million dollars: and, the exemption would allow a deduction to such a taxpayer of $2.64 million.

(C) Concentration:

It is sometimes claimed that a repeal of the depletion allowance will cause independents to sell out to the majors. This they do anyway. And, there is no evidence that independents will go out of business entirely. The burden of proof on this matter should be on the beneficiaries of the proposed loophole. To date, those taxpayers have failed to carry that burden.

85% of all domestic discoveries are made by independents today; yet, 85% of this oil is refined and sold by the majors;

Why sell out a company just because they lose a depletion allowance which was worth only 77 cents per barrel at a time when each barrel now brings an average of $5.30 more than it did last year?

In recent years, many independents went out of business notwithstanding the fact that they had percentage depletion; why will depletion save the industry this year when it failed to keep independents in business last year.

IV. TAX EQUITY

Tax equity alone demands the repeal of percentage depletion. The corporate tax rate is 48%. But, the average effective tax rate for the largest major oil companies in 1974 was

5.99%—about one-third of the effective tax rate on most of our wage-earning constituents.

Table 2—Federal tax rates paid by largest oil companies—1974

[Source: U.S. Oil Week]

	Percent
Ashland	32.4
Kerr-McGee	23.3
Getty	22.5
Shell	21.6
Sun	13.2
Phillips	12.9
Standard of Ohio	12.8
Standard of Indiana	10.2
Cities Service	8.3
Conoco	8.2
Amerada Hess	7.5
Marathon	7.5
Exxon	6.5
Union	6.4
Arco	3.7
Socal	2.0
Texaco	1.7
Mobil	1.3
Gulf	1.2
Average	5.99

Percentage depletion is one reason for this relatively low average effective tax rate. And, it is not just the majors which are doing very well in the profit and tax sense. Table three (3) presents the results of a random survey of small publicly owned United States Oil and Gas Producers prepared by the Tax Reform Research Group. It shows the gross revenues and earnings per share of 28 randomly selected independents as well as their estimated 1974 return on shareholder equity and 1973 effective tax rates. The table speaks for itself in answering the contentions of the "over-taxed small producer."

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Gross revenues (millions)			Earnings per share			Return on shareholder equity	Percent tax rate,
	1972	1973	1974 (estimate)	1972	1973	1974 (estimate)	1974 (estimate)	1973 [1]
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	(2)
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	(2)
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	(2)
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0
Hudsons Bay Oil & Gas	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy & Development	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	(2)
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
NUMAC Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	(2)
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petro Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prarie Oil Royalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] 1973 latest available year.
[2] Not available.

Source: Standard and Poor's Stock Reports.

Finally, there is the question of horizontal tax equity. It has been estimated that the percentage depletion allowance enables its beneficiaries to recover their cost as many as fifteen times over. This is in contrast to the depreciation rules applicable to any other business which limit its cost recovery to once and once only. It is also to be kept in mind that even the Secretary of the Treasury has spoken against the principle of an independent exemption. In testimony before the Senate Finance Committee last June, he said, "If (percentage depletion) is to be eliminated, it is difficult to justify non-uniformity in treatment of producers, except on a transitional basis".

Similarly, Assistant Secretary of the Treasury Frederick W. Hickman has said, "That's a windfall if ever there was one. Some Congressmen have built up an emotional case about the little man. Hell, some of these people are millionaires".

Mr. BENTSEN. Mr. President, will the Senator yield, with the understanding that he will not lose his right to the floor?

Mr. HOLLINGS. I yield.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the names of the following Senators be listed as cosponsors of my amendment which is at the desk: Senator PHILIP A. HART, Senator GARY W. HART, Senator CHURCH, and Senator PEARSON.

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

Mr. HOLLINGS. Mr. President, I move to table the Cranston amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask for the yeas and nays on the Hollings amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BUCKLEY. Mr. President, will the Senator yield for a unanimous-consent request?

The PRESIDING OFFICER. There is no debate on the motion to table.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BUCKLEY (when his name was called). Mr. President, as members of my family own oil royalties on which depletion is taken I ask unanimous consent that I be permitted to vote "present."

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

Mr. ROBERT C. BYRD, JR. I announce that the Senator from Florida (Mr. CHILES) and the Senator from Masachusetts (Mr. KENNEDY) are necessarily absent.

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

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

I further announce that the Senator from New York (Mr. BUCKLEY) voted "present."

The result was announced—yeas 35, nays 60, as follows:

[Rollcall Vote No. 70 Leg.]

YEAS—35

Abourezk	Javits	Pell
Biden	Leahy	Percy
Brooke	Magnuson	Proxmire
Case	Mansfield	Ribicoff
Culver	Mathias	Roth
Hartke	McGovern	Schweiker
Haskell	McIntyre	Scott, Hugh
Hatfield	Mondale	Stafford
Hathaway	Morgan	Stevenson
Hollings	Muskie	Stone
Humphrey	Nelson	Williams
Jackson	Pastore	

NAYS—60

Allen	Cannon	Glenn
Baker	Church	Goldwater
Bartlett	Clark	Gravel
Bayh	Cranston	Griffin
Beall	Curtis	Hansen
Bellmon	Dole	Hart, Gary W.
Bentsen	Domenici	Hart, Philip A.
Brock	Eagleton	Helms
Bumpers	Eastland	Hruska
Burdick	Fannin	Huddleston
Byrd, Harry F., Jr.	Fong	Inouye
Byrd, Robert C.	Ford	Johnston
	Garn	Laxalt

Long	Packwood	Symington
McClellan	Pearson	Talmadge
McClure	Randolph	Thurmond
McGee	Scott,	Tower
Metcalf	William L.	Tunney
Montoya	Sparkman	Weicker
Moss	Stennis	Young
Nunn	Stevens	

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—3

Chiles	Kennedy	Taft

So the motion to lay on the table was rejected.

Mr. BENTSEN. Mr. President, I send an amendment to the desk and ask that the clerk state it.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. LONG. How can an amendment be offered to a pending amendment? It seems to me the Hollings amendment, the pending amendment, is an amendment in the second degree.

Mr. BENTSEN. Mr. President, my amendment is offered to the House bill before us.

Mr. LONG. So are the other two amendments, Mr. President.

The PRESIDING OFFICER. Is the amendment being offered to perfect the language that is being stricken by the Cranston amendment?

Mr. BENTSEN. My amendment was offered to add a new section to title IV of the House bill.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN), for himself and others, offers an amendment which would add, after line 22 on page 38, a new title IV, "Reform of Percentage Depletion in Case of Oil and Gas Wells."

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. BENTSEN's amendment is as follows:

Amend H.R. 2166 by adding at this end thereof, after line 22 on page 38, the following new section to ttile IV:

SEC. 104. REFORM OF PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS

(a) IN GENERAL.—Part I of subchapter I of chapter 1 (relating to deductions with respect to natural resources) is amended by adding at the end thereof the following new section:

"SEC. 613A. DENIAL OF PERCENTAGE DEPLETION IN CASE OF OIL OR GAS WELL

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without reference to section 613.

"(b) SPECIAL RULE FOR CERTAIN GAS WELLS.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) NATURAL GAS SOLD UNDER A FIXED CONTRACT.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter and before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) REGULATED NATURAL GAS.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increase subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) SMALL PRODUCER EXEMPTION.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the producer's average daily production of domestic crude oil as does not exceed 3,000 barrels, and

"(B) so much of the producer's average daily production of domestic natural gas (other than natural gas with respect to which subsection (b) applies) as does not exceed 18,000,000 cubic feet.

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1)—

(a) the producer's average daily production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, shall be determined by dividing his aggregate production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies) during the taxable year by the number of days in such taxable year, and

"(B) in the case of a producer holding a partial interest in the production from any property (including an interest held in a partnership or joint venture), such producer's production shall be considered to be an amount of such production determined by multiplying the total production of such property by the producer's percentage participation in the revenues from such property.

"(3) EXEMPTIONS TO BE DETERMINED ON A PROPORTIONATE BASIS.—

"(A) DOMESTIC CRUDE OIL.—If the producer's average daily production of domestic crude oil exceeds the producer's exemption under this subsection, the barrels to which this subsection applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as the number of barrels to which this subsection applies bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) DOMESTIC NATURAL GAS.—If the producer's average daily production of domestic natural gas exceeds the producer's exemption under this subsection, the production of domestic natural gas to which this subsection applies shall be determined by taking from the production of each property a number of cubic feet of natural gas (not including natural gas to which subsection (b) applies) which bears the same proportion to the total production of the producer for such year from such property as the number of cubic feet of natural gas to which this subsection applies bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) BUSINESS UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) COMPONENT MEMBERS OF CONTROLLED GROUP TREATED AS ONE PRODUCER.—For purposes of this subsection, corporations which are members of the same controlled group of corporations shall be treated as one producer.

"(B) AGGREGATION OF BUSINESS ENTITIES UNDER COMMON CONTROL.—If 50 percent or more of the beneficial interest in two or more corporations, trusts or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), or if 50 percent or more of the beneficial interest in one or more corporations, trusts or estates is owned by a person who has income from the production of oil or gas, the exemptions provided by this subsection shall be allocated among all such corporations, trusts, estates, and persons in proportion to the respective production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, during the period in question by such entities.

"(C) ALLOCATION AMONG MEMBERS OF THE SAME FAMILY.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil or natural gas during the period in question by such individuals.

"(5) DEFINITION AND SPECIAL RULES.—For purposes of this subsection—

"(A) The producer of crude oil or natural gas means the person whose liability for tax under this chapter will be affected by the deduction allowed for depletion with respect to such crude oil or natural gas, except that in the case of a subchapter S corporation, the corporation and not the shareholder shall be considered the producer, and in the case of an estate or trust the producer shall be the person entitled to the depletion deduction under section 611(b).

"(B) The term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(C) A corporation is a related person to another corporation if such corporations are members of the same controlled group of corporations, and a person is a related person to another person, if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(D) The family of an individual includes only his spouse and minor children.

"(6) TRANSFER OF OIL OR GAS DEPLETION PROPERTY.—

(A) In the case of a transfer (as defined for these purposes under regulations prescribed by the Secretary or his delegate), of any oil or gas depletion property after March 17, 1975, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such oil or gas depletion property. For purposes of this paragraph the term 'oil or gas depletion property' means any property in-

terest (including an interest in a partnership, trust, or estate) with respect to the income from which a deduction for depletion is allowable under section 611 for domestic crude oil or domestic natural gas but only if the principal value of the property has been demonstrated before such transfer by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of (i) a transfer of an oil or gas depletion property at death, or (ii) a transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated among the transferor and transferee by reason of paragraph (4)(B).

"(d) LIMITATION BASED ON QUALIFIED INVESTMENT.—

"(1) GENERAL RULE.—So much of the deduction allowed for depletion as is computed by reference to section 613 by reason of subsection (c) shall not exceed for any taxable year an amount equal to the sum of the producer's qualified investment and qualified investment carryover for the taxable year.

"(2) QUALIFIED INVESTMENT.—For purposes of paragraph (1), any person's qualified investment for any taxable year is the amount paid or incurred by such person during such taxable year (with respect to areas within the United States or a possession of the United States) for—

"(A) intangible drilling and development costs;

"(B) the following items if paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States:

"(i) aerial photography;

"(ii) geological mapping;

"(iii) airborne magnetometer surveys;

"(iv) gravity meter surveys;

"(v) seismograph surveys; or

"(vi) similar geological and geophysical methods;

"(C) the construction, reconstruction, erection, or acquisition of the following items, but only if the original use of such items begins with such person:

(i) depreciable assets used for the exploration for or the development or production of oil or gas (including development or production from oil shale); converting oil shale, coal, or liquid hydrocarbons into oil or gas; or refining oil or gas (but not beyond the primary product stage);

"(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines.

"(D) secondary or tertiary recovery of oil or gas, including remedial work necessary to maintain or restore primary production, or

"(E) the acquisition of oil and gas leases but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpayer under subparagraphs (A), (B), (C), and (D) for such period.

"(3) QUALIFIED INVESTMENT CARRYOVER.—For purposes of paragraph (1), a producer's qualified investment carryover shall be the amount, if any, by which the amount of the producer's qualified investment for the preceding taxable year exceeds so much of the deduction allowed for depletion as is computed under section 613 by reason of subsection (c) (determined without regard to this subsection) for such preceding taxable year.

"(4) ROYALTY OWNERS.—Paragraph (1) shall not apply in the case of the deduction for depletion with respect to a producer's share of production from a royalty interest.

"(e) PRODUCER MUST BE INDEPENDENT.—

"(1) RETAILERS EXCLUDED.—Subsection (c) shall not apply in the case of any producer who directly, or through a related person, sells gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils, or diesel fuel—

"(A) through any retail outlet operated by the producer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the producer or a related person to use a trademark, trade name, or srevice mark or name owned by such producer or a related person, in marketing or distributing gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils or diesel fuel, or

"(ii) given authority pursuant to an agreement or contract with the producer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(2) RELATED PERSON.—For purposes of this subsection, a person is a related person with respect to the producer if a significant ownership interest in either the producer or such person is held by the other, or if a third person has a significant ownership interest in both the producer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

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

"(1) CRUDE OIL.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(3) DOMESTIC.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) BARREL.—The term 'barrel' means 42 United States gallons.

"(b) TECHNICAL AMENDMENTS.—

"(1) Subparagraph (A) of section 613(b)(1) (relating to 22 percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas, to the extent allowable under section 613A;

"(2) The last sentence of paragraph (7) of section 613(b) (relating to 14 percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells."

(c) CLERICAL AMENDMENT.—The table of sections for part I of subchapter I of chapter 1 is amended by inserting after the item relating to section 613 the following new item:

"SEC. 613A. DENIAL OF PERCENTAGE DEPLETION FOR OIL AND GAS WELLS."

Mr. BENTSEN. This amendment, joined in by the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Colorado (Mr. GARY W. HART), the Senator from Idaho (Mr. CHURCH), the Senator from Kansas (Mr. PEARSON), the Senator from West Virginia (Mr. RANDOLPH), would limit the percentage depletion allowance to the first 3,000 barrels—

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Texas speak louder? We cannot hear him.

Mr. BENTSEN. The amendment before us is one that would limit the depletion allowance for the first 3,000 barrels of average daily production of crude oil and the first 18 million cubic feet of the average daily production of natural gas, which is the limitation voted on in the House of Representatives.

The amendment does do away with depletion for the major oil companies both overseas and for domestic production but, as I have stated—Mr. President, may we have order?

The PRESIDING OFFICER (Mr. GOLDWATER). The Senate will be in order. The Senator will suspend until order is restored. Senators will please retire to the cloak room for their conversation.

The Senator may proceed.

Mr. BENTSEN. I thank the Chair.

Of course, one of the features of this amendment is that it does require a plowback, where the depletion is utilized by the producer.

What we are talking about here again is trying to save the independent oil producer, to see that he does not become an endangered species, and try to save him at a level where he is a true competitor for the major oil companies.

I believe that this provision does that. The independents are drilling about 80 percent of the exploratory wells in this country, and completing about 80 percent of those exploratory wells. We have seen an increase over the preceding year in 1974 by about 5,000 additional wells. Also, we are seeing a real drive put on by the independents to try to do something about the dwindling oil and gas reserves in this country.

Some will say, "Well, we really have not seen a substantial increase in production." That is true. I think all we can really do in this country is cut down on the dwindling supplies, and see that they do not go out as fast as they have been.

They have had problems getting drilling pipe. They have had problems getting their leases. They have had problems getting the pipe to transport the oil, and these are among the reasons why it takes quite a while to see the results of the increased drilling. But you can look at the number of rigs operating and the number of wells being drilled and get a better feel for what is happening.

Some say, "All right, why take it away from the major and not from the independent?"

The major is in the position to pass the increased costs of production downstream. He can pass them on to the refiners and to his retail outlets. The independent is not in the position to do that.

I have put a limitation on this amendment that this depletion allowance will not be available to those in the retail business, and we have carefully structured this thing to avoid abuses of this depletion provision.

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

Mr. BENTSEN. I yield for a brief question.

Mr. CURTIS. Will the distinguished Senator tell us the difference between the amendment that he has offered and the amendment offered by the Senator from California (Mr. CRANSTON)?

Mr. BENTSEN. A major difference between my amendment and that of the distinguished senior Senator from California, as I understand it, is that I have the plowback provision in my amendment for the producers, and I do not believe that his amendment does.

Mr. CURTIS. I thank the Senator.

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

Mr. BENTSEN. I yield for a brief question.

Mr. RIBICOFF. I wonder if the Senator from Texas would let the Senate know the amount that would be recaptured to the taxpayers by his amendment, by the amendment of the Senator from California, and by the amendment of the Senator from North Carolina. What would the Treasury receive under each of the three amendments?

Mr. BENTSEN. It is my understanding that on complete repeal, we are talking about $2 billion, and under the provisions of mine, we would recover approximately $1.5 billion of those tax dollars. I do not have the figures for the amendment of the Senator from California.

Mr. CRANSTON. I agree with those figures.

Mr. President, will the Senator yield?

Mr. BENTSEN. For a brief question.

Mr. CRANSTON. I would like to respond, in effect, to the question that was asked by the Senator from Nebraska by asking if this is not one of the two major differences between the amendment of the Senator from Texas and mine: His amendment permits a producer to take a 3,000-barrel exemption for oil daily, and on top of that an 18-million-cubic-foot exemption daily for natural gas.

Mr. BENTSEN. That is correct. My amendment is in line with the amendment that was debated on the floor of the House of Representatives and came within, I believe, 16 votes of carrying.

Mr. CRANSTON. Which amounts, in effect, to a dual exemption?

Mr. BENTSEN. It could.

Mr. CRANSTON. As against what my amendment proposes, which limits oil and gas production, or its equivalent, to a total of what amounts to 3,000 barrels per day.

Mr. BENTSEN. It could amount to a dual exemption, as far as that is concerned. But what we are trying to do is find competitors that can stand up to the majors and compete with them. When you talk about drilling a 15,000-foot well, the increase in cost between a 15,000-foot well and a 5,000-foot well is not an arithmetic increase, it is almost a geometric increase, because as you get to those deep wells, the costs go up precipitously. You have to have someone in a position to drill that 15,000-foot well and, if necessary, lose the million dollars it costs to put that well down. That is the reason why I think the limitations I have proposed and those proposed on the House side, which almost carried, are reasonable limitations in affording the competition necessary.

If I may go into some of the additional terms of the measure——

Mr. CRANSTON. Will the Senator yield further?

Mr. BENTSEN. Please let me finish my statement, and then I will be happy to yield to the Senator from California.

I made the point at the very beginning that it was the first 3,000 barrels of average daily production of crude oil and the first 18 million cubic feet of average daily production of natural gas that was involved.

I think, in addition to that, that this is the only way we are really going to stop concentration in the oil industry, the only way we are going to stop giving it all to the majors.

I would like to go over the provisions of my amendment in some detail for the benefit of my colleagues.

The amendment retains the provisions with respect to regulated natural gas and natural gas under long-term contracts as they are in the House bill.

Now, generally, this would retain depletion for regulated natural gas or gas under long-term contracts in effect on February 1, 1975, until there is a change in the price of gas to reflect to any extent the additional tax which will be payable by the producer because of repeal of percentage depletion.

There is a provision that any increase in the price is to reflect the tax increase to the producer and, therefore, this exemption for regulated natural gas and long-term contract gas will probably be rather limited in duration.

The remainder of the amendment provides for the small producer exemption for producers who do not have retail outlets. The amendment adds a new section 613(a) to the Code.

Subsection (c) provides for the small producer exemption.

Subsection (d) requires a plowback of a tax savings as the result of the small producer exemption.

Subsection (e) denies the benefits of subsection (c) if a producer has retail outlets for the sale of gasoline and certain other refined products or if the producer is related by 5 percent ownership interest to any entity having such retail outlets.

Now, we really have tried to draw some tight limitations to see that you do not have abuse of this. The small producer exemption retains a 22-percent depletion for the first 3,000 barrels of average daily production of domestic crude oil and the first 18 million cubic feet of average daily production of domestic natural gas.

One of our real problems in this country is natural gas. We have been very fortunate this winter in not having some severe gas shortages. But if we were to have a tough winter in the North, I promise you we are going to see some very serious shortages in natural gas, and this situation is going to become much more acute unless we can continue to encourage the exploration for natural gas.

Now, for this purpose the production qualifying for the exemption would be presumed to come pro rata from each of such producer's properties so that the production income in benefiting from depletion would be, in effect, an average of the sales price of his total production.

The bill specifically states that where a producer holds a partial interest in the production from a property, his production is considered to be his pro rata portion of the production from that property.

Now, this provision is designed to correct the inappropriate rule that was adopted in the committee report under the Ways and Means bill of 1974 which said that a producer is considered to have a pro rata part of every barrel of oil or mcf of gas produced from a property, so that every barrel produced by the property would go against his 3,000 barrel or the 18 million cubic feet limitation and no matter how little the financial interest that that taxpayer might have had in that production.

In the case of a producer having a regulated or long-term gas exemption under the House bill, and who also qualifies for a small-producer exemption for gas, both the exemptions are available so that you have 18 million cubic feet of gas qualifying for a depletion, plus his natural gas which is either regulated or subject to long-term contracts.

The FPC-regulated category would be exempt only through July 1 of 1976. The long-term contract category only applies if the contract price cannot be adjusted to take account of percentage depletion repeal, which is presumed true of any price increase after February 1, 1975, unless the taxpayer demonstrates the contrary by clear and convincing evidence.

Now, the amendment contains some aggregation rules requiring that closely related business entities and family members shall have one 3,000 barrel or 18 million cubic feet exemption. That is, of course, designed to prevent the proliferation of the exemptions by dividing business entities into different layers.

Specifically, aggregation of business entities is required where corportions are members of the same controlled group of corporations, that is, qualifying for consolidated income tax purposes. Other business entities are aggregated if 50 percent or more of the interest in such entities is owned by the same or related persons and members of the same family and, for that purpose, the family consists only of the taxpayer, his spouse, and his minor children.

The producer of crude oil or natural gas to whom the exemption is granted is specifically defined in the bill to be the person whose liability for tax under this chapter will be affected by the deduction allowed for depletion with respect to such crude oil or natural gas. That makes it clear that a partner and not a partnership is the level at which the 3,000 barrel or 18 million cubic feet exemption is applied.

A partner is, in substance, the owner of the gas or oil, and it is he who makes the profit from its production and sale, and pays the tax and, where less fortunate, takes the loss.

The requirement that the producer must be an independent is enforced by

denying the exemptions to a producer if he directly or through a related person sells gasoline and any other specified refined products to retail outlets operated by the taxpayer or any person who has a contractual agreement with the taxpayer to use his trademark, trade name, or the like.

Then we have a number of other detailed limitations to be sure we do not have abuses under this particular amendment.

I will yield for a question to the distinguished Senator from California.

Mr. TUNNEY. As I understand the Senator's amendment, it would provide for a plowback which would mean that none of the depletion moneys which would benefit the independent oil companies could be used for any purpose other than for exploration and development for new oil and gas resources; in other words, that this money that was to be received from the depletion allowance could not be used for such things as paying dividends to the owners of the company or for lateral investment in some other type of enterprise.

Mr. BENTSEN. A qualified investment would be intangible drilling and development costs, certain specified exploration costs. depreciable assets used in development or production, including the gathering facilities, secondary and tertiary recovery, lease acquisition costs limited to one-third of the production. In short, yes.

Mr. TUNNEY. I thank the Senator.

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

Mr. BENTSEN. I yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. One question the Senator might have covered in his opening presentation that I was not sure of. If a consortium of oil companies, such as ARAMCO, should form a similar consortium in Canada where each of the 10 companies own 10 percent of the site, and it was a subsidiary—well, it would be owned by 10 major oil companies, but did not file a consolidated return, would such a consortium be entitled to the 3,000-barrel exemption?

Mr. BENTSEN. Foreign production would not be entitled to the 3,000 barrels.

Mr. BUMPERS. What language is there in the Senator's amendment that prohibits them from taking this action?

Mr. BENTSEN. All foreign depletion is repealed.

Mr. BUMPERS. If the Senator can find it I would like to have it.

Mr. BENTSEN. I would be delighted to provide it to the Senator.

Mr. President, I urge my colleagues to support the amendment.

The PRESIDING OFFICER. Will the Senator restate his request? The Chair did not hear it.

Mr. BENTSEN. I urge my colleagues to support the amendment.

Mr. CRANSTON. I would like to speak just very briefly about the amendment of the Senator from Texas and, particularly, I want to make sure that my being listed as a cosponsor in today's RECORD was an error.

I am not a sponsor of the amendment of the Senator from Texas. I think it has a lot of merit in certain respects, but I oppose it for two basic reasons.

First, I believe that the last vote indicated that the amendment I have offered provides a basis for compromise that can win enough support to bring about cloture, if cloture is necessary once agreement is reached upon the basis of this amendment, since there were 60 votes against tabling it.

Second, the amendment of the Senator from Texas produces what amounts to a double exemption for the independents, and I think that makes less the likelihood of getting it through the Senate, and makes it less likely that we will achieve a compromise solution for all of us with the House when the bill goes to conference.

To be explicit about that difference, the amendment of the Senator from Texas permits a producer to take 3,000 barrels a day exemption for oil and on top of that, 18,000 cubic feet exemption for natural gas. That amounts to a double exemption for those producers with both oil and gas wells.

On the other hand, my amendment limits producers to one exemption which can be taken in combination of oil and gas, but cannot exceed the equivalent of 3,000 barrels of oil.

The other principal difference is that my amendment seeks to deal with the difficulty of allowing the depletion allowance to be used in a way that enables the taxpayer to pay no income taxes at all despite the fact that they have what appears to the average citizen to be a huge income.

My amendment avoids that difficulty, by barring taxpayers from using the percentage depletion allowance to avoid payment of all income tax.

The amendment does this by imposing a limitation that percentage depletion may not exceed 50 percent of all taxable income. This limit supplements the existing limitation that percentage depletion on an individual property may not exceed 50 percent of the net income from that property.

For those reasons, I believe, basically, my amendment is superior and I believe it provides a better basis, based upon the analysis of the last votes, for working out our differences.

Mr. TUNNEY. Will the Senator yield?

Mr. CRANSTON. I am delighted to yield to the Senator.

Mr. TUNNEY. I would like to ask my distinguished senior colleague if he feels that it would be objectionable to include a plowback provision in his amendment.

I have great difficulty with the maintenance of any depletion allowance unless there is a provision this depletion allowance that is going to be used for the exploration, discovery, and production of oil.

I do not know how in this country we can any longer justify a depletion allowance that does not have such a nexus with the production and exploration of oil.

So I would like to know if the Senator would accept an amendment at the appropriate time which I will offer to his amendment to provide for plowback?

Mr. BENTSEN. If the Senator will yield, since we had that provision in there, I would comment to my good friend, the senior Senator from California, that at the present time we have taken care of the situation where the man, in effect, pays no tax by putting in an amendment, amended tax.

Mr. CRANSTON. I believe the plowback amendment may be a good amendment. I have not had time yet to analyze it, so I have not come to any conclusion in regard to it.

Since my amendment was not tabled, plainly there will be an opportunity for my colleague to offer a plowback amendment. I will certainly study the matter between now and that time, and maybe support it. I do not know. I want to try to analyze the effect of that upon the strength of my amendment and its ability to provide the basis for compromising our difficulties.

Mr. TUNNEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TUNNEY. I wonder what the status of the amendments are.

Is the amendment we are considering the Bentsen amendment which is now a perfecting amendment to the Cranston amendment, or is it a perfecting amendment to the Kennedy-Hollings amendment? Is it a substitute to those amendments? Where do we stand?

The PRESIDING OFFICER. It is a perfecting amendment to the language of title IV of the House bill which the senior Senator from California's amendment would strike and insert new language therefor.

Mr. DOLE. Mr. President, would the distinguished Senator from California yield for a question in reference to his amendment?

Mr. CRANSTON. Yes, but I do not have the floor.

Mr. DOLE. No, but I would like the Senator to respond to a question.

Mr. CRANSTON. What is the Senator's question?

Mr. DOLE. Well, the summary of the Senator's amendment indicates an overall limitation provides that the deduction for percentage depletion cannot offset more than 50 percent of all taxable income.

Is that not the law now? Is there any change in that provision in the present law?

Mr. CRANSTON. My amendment bases it upon the oil produced on the property. All taxable income produced by oil, natural gas, et cetera.

Mr. DOLE. Is there any significant difference between that provision in the Senator's amendment to what we have in the present law?

Mr. CRANSTON. Mine would apply to all taxable income. The present law does not apply that it is all taxable income.

Mr. DOLE. The present law applies only to income from a particular piece of property from any source of the oil, gas, or other operation?

Mr. CRANSTON. That is right.

Mr. DOLE. Or congressional salary, or whatever?

Mr. CRANSTON. Yes.

Mr. DOLE. Let me state, there is some

question which amendment is worse, the amendment of the Senator from California or the amendment of the Senator from Texas, insofar as the true independent is concerned. I do not want to know the language of the provisions, but could the Senator from California give an example of how his amendment might operate as opposed to how the amendment of the distinguished Senator from Texas might operate on a typical leasehold operation producing a thousand barrels per day? What would be the tax effect of each amendment?

Mr. CRANSTON. The difference, I believe, is that under the amendment of the Senator from Texas, all the money has to go back to development. Under my amendment, half can be kept.

Mr. DOLE. I think it would be very helpful to know what each amendment actually does in order to really make a decision, which no one is capable of on this. If the Senator would, in the interest of protecting what we believe are small independents in our States put a pencil to the Cranston amendment and someone to put a pencil to the Bentsen amendment on a typical leasehold and determine, if we can, under which amendment would the operator, the holder, come up the best?

Maybe the Senator from Texas has done that, but I have not seen any comparison between the Bentsen amendment and the Cranston amendment. If the Senator from Texas will——

Mr. BENTSEN. Will the Senator restate his question?

Mr. DOLE. Which amendment offers the true independents we are really trying to protect the best result?

Mr. BENTSEN. I would say to the distinguished Senator from Kansas that my provision, it seems to me, really takes care of the men out there drilling those wells. He is in a situation where he has to put that money back in the ground. That is a real incentive for additional exploration, to add to the reserves of this country.

In addition to that, mine provides for the 3,000 barrels of oil exemption, and the equivalent 18 million cubic feet of gas. I think that gives stronger competition to the major.

Mr. DOLE. Does the amendment of the Senator from Texas apply to the producing interests?

Mr. BENTSEN. That is correct.

Mr. DOLE. The holders of mineral rights?

Mr. BENTSEN. Yes. I want to make this point clear. I want to be sure I am covered. There is not a plowback provision for the royalty owner. If you try to get that plowback provision, suppose you have a farmer who drills on his land and he ends up with a royalty interest. Are we going to insist that he get into the oil business? I looked at that in the beginning and said we would make them put it in a drilling fund. But you run into all kinds of limitations in States where they preclude anyone from doing it by saying, for example, that they cannot put less than $5,000 in one of these drilling funds because it is a high risk business.

Mr. DOLE. On the owner's royalty, would any portion thereof receive the benefit of the depletion allowance under the proposal?

Mr. BENTSEN. The royalty owner would get the benefit of the depletion allowance.

Mr. DOLE. He would get the benefit of the depletion allowance without any plowback?

Mr. BENTSEN. He has no plowback provision because we could not figure out a practical way to get him to do it.

Mr. DOLE. I share the Senator's concern.

Both Senators have been most helpful to those of us who are trying to make a judgment, who sincerely believe that if we are to have this depletion amendment at all on this bill, that we ought to really know how the Bentsen amendment, the Cranston amendment, or some other amendment would apply and what the result will be. We have the broad outlines. We have the language. We are now busily engaged in determining how each would apply. It seems to the junior Senator from Kansas that we could make a much better judgment if we had the facts before us.

Mr. CURTIS. Will the Senator yield?

Mr. DOLE. Yes.

Mr. CURTIS. I have a number of questions and I think answers to them would be very helpful.

One of them is what will be the effect of these amendments on the owner of a royalty? Another question that I think we ought to have some information or is what constitutes a plowback?

In other words, if the recipient of a small royalty, a few dollars, a few hundred dollars, or just a few thousand dollars gets a royalty check and is entitled in his own tax return to a depletion allowance, what does he have to do to effect plowback?

Can the distinguished Senator tell me what constitutes plowback?

Mr. DOLE. The colloquy that the Senator from Kansas just completed with the Senator from Texas, as I understand it, means plowback does not apply to the royalty owner. The royalty owner does have the benefit of the depletion allowance under the Bentsen amendment.

The Senator from Kansas is not certain what would happen under the amendment offered by the distinguished Senator from California (Mr. CRANSTON). I do not see Senator CRANSTON in the Chamber at the moment.

The royalty owner would not be required to plow back for reasons that I think are very just, unless we want to force him into the oil business. I agree with the Senator from Texas that that would not be very practical.

Mr. CURTIS. How small can an independent oil man be?

Mr. DOLE. In the State of Kansas, they can be very small. We have 10,000 wells that produce less than 1 barrel per day average. Many of our wells produce less than 5 barrels per day average. I do not know how many of those wells might be owned by one person or one company. I assume an independent could be one oil well producing less than a barrel a day.

Mr. CURTIS. Suppose that individual is long past retirement age and needs that money? How does he effect a plowback?

Mr. DOLE. That is a question I cannot answer.

Mr. CURTIS. What does one have to do to meet the requirement of plowing back?

Mr. DOLE. I think it is a good question. I would be happy to yield to the Senator from Texas to answer the question posed by the Senator from Nebraska.

What happens to an individual who may own one or two wells? Is he forced to plow back any benefits he receives through depletion?

Mr. BENTSEN. That is correct. If it is one or two wells, with just a small production, he would soon be faced with the problem of a plowback. One would presume if he had one or two wells he was in the oil business.

Mr. DOLE. How is "plowback" defined?

Mr. BENTSEN. The plowback would be for intangible drilling and development costs, certain specified exploration costs, depreciable assets used in development or production, including the gathering facilities, secondary and tertiary recovery, lease acquisition costs limited to one-third of the deduction.

Mr. DOLE. Does that respond to the question of the Senator from Nebraska?

Mr. CURTIS. It does, to a certain degree. But I still raise a question about the fact that there might be some very small producers and under the definition they are oil producers and they are independents. Yet their total income from it is rather small. It may be held by an individual who is not in an economic position to carry on a plowback program. I just raise the question since we might want to consider a minimum cutoff where income below that amount does not have to meet a plowback requirement.

Mr. BENTSEN. I will say to the distinguished Senator from Nebraska if that person has a well or two wells, I think they are in the producing business. They have the ability under those circumstances normally to continue in it. I would oppose a lower limit on it.

Mr. DOLE. The distinguished Senator from Nebraska has raised a very sound point. It appears that this might be compromised. There are a number of very small producers who own wells producing less than a barrel per day. Perhaps after we adjourn we might discuss that with the Senator from Texas and the Senator from California.

Mr. CRANSTON. Mr. President——

Mr. BENTSEN. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. CRANSTON. I would like to say to the Senator from Kansas, if I may have his attention, that the purpose of the provision in my amendment, which relates to seeking to prevent anybody from paying no income tax at all as a result of the depletion allowance, is to prevent the depletion allowance from being used as a shelter for income earned in some other capacity or in some other way.

For example, if somebody has a $500,000 depletion allowance and that same person has a salary of $500,000 coming in, he cannot use the $500,000 depletion allowance to wipe out all taxes that he might otherwise have to pay on the income he got from the other source. He would be permitted to use only half of that. So if he earned $500,000 in General Motors stock, he could take half of the $500,000 depletion and apply it there and cut down the taxable income to $250,000. That is the purpose of the amendment.

Mr. DOLE. If all of his income were from oil and gas, would it still be 50 percent?

Mr. CRANSTON. Yes, there would still be a 50-percent limit. That is in the present law, not my amendment.

Mr. BUMPERS. Will the Senator from Kansas yield for a question?

Mr. DOLE. I yield the floor.

Mr. BUMPERS. Mr. President, I ask the distinguished Senator from California whether his amendment or the amendment of the distinguished Senator from Texas touch on the question of foreign tax credits?

Mr. CRANSTON. My amendment does, and it provides enough income to offset the lost income from the exemption for the independents. It touches foreign-earned income in a number of ways. It removes a number of exemptions and produces a very significant amount of money. I think the figure is $640,000.

Mr. BENTSEN. I say to the distinguished Senator from Arkansas that I strongly support limitations on the foreign tax credit, and I have introduced separate legislation on that issue. But I did not add it to this specific amendment. This amendment is limited to the depletion allowance.

Mr. BUMPERS. Does the amendment of the Senator from California make a distinction between what we sometimes refer to as a legitimate income tax in such nations as Canada, as opposed to those where we say the oil companies have used the royalty device in the Persian Gulf States?

Would the Senator like me to repeat the question?

Mr. CRANSTON. Yes, please.

Mr. BUMPERS. Is there a distinction made in the amendment of the Senator from California between the tax credit which has been enjoyed by the major corporations in such countries as Canada, where there is a legitimate income tax, and the tax in the Persian Gulf States, a tax about whose legitimacy some of us have questions and in which instances some of us feel the oil companies have used a royalty device as a tax credit?

Mr. CRANSTON. There is a difference. My amendment eliminates the abuse where the tax is disguised as a royalty overseas and leads to a large escape from taxation.

Mr. BUMPERS. I have one other question.

I am curious as to what language in the amendment of the Senator from California covers that problem?

Mr. CRANSTON. It is limited to oil and gas extraction. That is what limits it to the matters we are concerned with in this legislation.

Mr. BUMPERS. Would a corporation such as Exxon, which has production in Canada and actually pays a Canadian income tax on its production there, still be entitled to a tax credit in the United States against that income?

Mr. CRANSTON. The answer is yes—up to 48 percent, which puts them on an equal footing with other businesses.

Mr. BUMPERS. With respect to the same situation, for example, in Saudi Arabia, would a company enjoy the same privilege there, or does the Senator treat the taxes paid——

Mr. CRANSTON. They would enjoy the same privilege, up to 48 percent, again putting them on an equal footing with other businesses, but eliminating the advantage that the oil companies have over other forms of business.

Mr. BUMPERS. I am not sure that I am clear on that, but I do not want to take any more time. I will try to talk to the Senator privately about it.

Mr. ALLEN. Mr. President, since the situation——

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

Mr. BENTSEN. I will yield for a question.

Mr. ALLEN. I want to make a comment, if I may.

Mr. BENTSEN. I will yield in a moment.

Mr. President, we have been debating depletion all afternoon, and I think we are pretty familiar with the issue now. I am prepared to vote, if the Senate is.

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

Mr. BENTSEN. I will yield for a question.

Mr. BARTLETT. Would the small producers, those who operate a well or two or four or five, who may have a very small production from several wells, still be required to plow back or have a reduced income?

Mr. BENTSEN. I say to the Senator that they would be required to do so. It would be a small amount of money we are talking about plowing back.

Mr. BARTLETT. Does the Senator consider that this would be valuable in achieving more energy? Why does he want it to apply to the very small operators, who could find that this reduction of the depletion allowance could make a difference, and could require a number of small wells to be plugged that otherwise it would not be necessary to plug? I think the Senator knows that in his own State of Texas, although the average wells are larger, Texas has small wells, too, and this could make a difference.

Mr. BENTSEN. I say to the Senator from Oklahoma that I think it adds another element, in that it puts a limitation on the bottom side. We are trying to determine what it should be, and we add one more dimension to the debate. I would like to keep it as simple as we can.

Mr. BARTLETT. Mr. President, will the Senator yield further?

Mr. BENTSEN. I yield.

Mr. BARTLETT. Will the Senator agree that protection on the bottom side is needed, so that this would not require that they abandon stripper wells that could be producing for a number of years? Would the Senator be agreeable to some kind of exemption on the lower side?

Mr. BENTSEN. I say to the Senator from Oklahoma that I think it would be very difficult to make it practical.

Mr. BARTLETT. Will the Senator repeat that?

Mr. President, I cannot hear the Senator from Texas.

The PRESIDING OFFICER. Will the Senator from Texas repeat his last statement?

Mr. BENTSEN. My statement to the Senator from Oklahoma was that if we add another limitation by trying to put a floor under this, I do not know where we stop. I think we would have some difficulty in trying to determine where that kind of cutoff should be.

Mr. BARTLETT. I ask the Senator if it is not important to protect the small stripper wells from premature abandonment that could be occasioned by increased costs due to the increased taxes that would take place?

Mr. BENTSEN. I understand the problem.

Mr. BARTLETT. Would the Senator be agreeable to such an amendment?

Mr. BENTSEN. I would have to see the amendment.

Mr. BARTLETT. Mr. President, will the Senator yield further?

Mr. BENTSEN. I have been yielding for some time, and the Senator from West Virginia has been seeking recognition. I yield for one more question.

Mr. BARTLETT. It seems to me that the proposal of the Senator from Texas is very far reaching, as is that of the Senator from California. I have been unable to obtain a copy of the unprinted amendment of the Senator from Texas. I think it would be very helpful to all of us tonight to have copies of both amendments, so that we could compare them and see what is included, and carry this matter over to tomorrow, so that we could make a judgment as to just what is involved in both amendments, as well as that of Senator HOLLINGS.

Is there any objection on the part of the Senator from California?

Mr. BENTSEN. I am not prepared to agree to that at this time.

I yield to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I am speaking on my own time rather than the Senator from Texas (Mr. BENTSEN) yielding to me; is that correct?

The PRESIDING OFFICER. Yes.

Mr. RANDOLPH. Mr. President, I have an intense interest in the questions that have been asked by the Senator from Kansas (Mr. DOLE) and other Senators who have directed their attention particularly to small and independent oil and gas producers.

During this debate—and it is understandable—we have principally discussed the depletion allowance as it is applied to the production of oil. I now direct the attention of Senators to the depletion allowance as it applies to natural gas. I think this is often overlooked when our remarks tend to focus on major oil pro-

ducers; but concern for natural gas production is important as we consider the amendment of the Senator from Texas (Mr. BENTSEN) in which I have joined as one of the several cosponsors.

Let us briefly look at the U.S. energy supplies which come from five primary sources: crude oil, 46 percent; natural gas, 31 percent; coal, 18 percent; hydroelectric power, 4 percent; and nuclear power, 1 percent. The burden of our domestic energy production falls heaviest on petroleum, with natural gas providing almost one-third of our energy requirements.

Until 1965, the United States produced more petroleum than it used. Since then, demand for petroleum has exceeded production, as artificially low prices for natural gas drove investors from exploration into more lucrative investments. The result was a steady decline in the ratio of proved reserves to production in the lower 48 States. The gap between domestic supplies and consumer demand continues to widen and the United States must turn increasingly to imported oil to fill the gap.

Mr. President, it is estimated by Chase Manhattan Bank that the petroleum industry will have to invest more than one-half trillion dollars in U.S. operations between 1970 and 1985, just to keep pace with demand. That is money to purchase leases; to explore for and develop new and existing oil and gas fields; and to transport, refine, and market petroleum. The industry also must pay for research, administrative costs, and taxes. This money is expected to be derived about one-half from retained earnings and one-half from borrowed capital. However, such vast amounts of capital will be difficult to raise.

Even now, Mr. President, West Virginia and many other areas of our country are experiencing natural gas curtailments. In order to reverse this trend economic incentives will be needed to stimulate new energy supplies on a regional as well as national basis.

Let us address our attention, Mr. President, from the great oil producing areas of the Earth to the State of West Virginia. In 1973 the State of West Virginia furnished almost 1 percent of our domestic natural gas supplies, some 208 billion cubic feet, in addition to some 2,385,000 barrels of oil.

Mr. President, I request unanimous consent that a table of U.S. petroleum production by State for 1973 appear in the RECORD at this point in my remarks.

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

PETROLEUM PRODUCTION IN THE UNITED STATES IN 1973 (BY STATE)

State	Crude oil (thousand barrels)	Marketed production of natural gas (million cubic feet)
Alabama	11,677	11,271
Alaska	72,323	131,007
Arizona	804	125
Arkansas	18,016	157,529
California	336,075	449,369
Colorado	36,590	137,725
Connecticut	0	0
Delaware	0	0
Florida	32,695	33,857
Georgia	0	0
Hawaii	0	0
Idaho	0	8
Illinois	30,669	1,636
Indiana	5,312	270
Iowa	0	8
Kansas	66,227	893,116
Kentucky	8,687	62,393
Louisiana	831,524	8,242,420
Maine	0	8
Maryland	0	290
Massachusetts	0	9
Michigan	14,614	44,576
Minnesota	0	0
Mississippi	56,102	99,706
Missouri	60	33
Montana	34,620	56,175
Nebraska	7,240	3,836
Nevada	96	0
New Hampshire	0	0
New Jersey	0	0
New Mexico	100,986	1,218,749
New York	967	4,539
North Carolina	0	0
North Dakota	20,235	27,703
Ohio	8,796	93,610
Oklahoma	191,204	1,770,980
Oregon	0	0
Pennsylvania	3,282	78,514
Rhode Island	0	0
South Carolina	0	0
South Dakota	275	0
Tennessee	201	20
Texas	1,294,671	8,513,850
Utah	32,656	42,715
Vermont	0	0
Virginia	(1)	5,101
Washington	0	0
West Virginia	2,385	208,676
Wisconsin	0	0
Wyoming	141,914	357,731
Total, United States	3,360,903	22,647,549

[1] Less than 500 bbl.
Source: U.S. Bureau of Mines.

Mr. RANDOLPH. Mr. President, let us now consider exactly what we are talking about when we speak of increasing domestic oil and gas production and domestic independents. I understand this subject somewhat, because my father, Ernest Randolph, was one of the largest independent oil and gas producers in West Virginia. I worked in the fields in my teen years.

Let us come to the year of 1975. We will have approximately 1,500 to 1,600 wells drilled in West Virginia in exploration for natural gas. If they find some oil, well and good, but they are not drilling for oil; they are drilling for natural gas. The number varies a little from year to year—but these 1,500 wells will average $100,000 each in drilling costs for hoped-for natural gas—the range is from about $90,000 to $110,000 per well.

Let us remember that we are not discussing drilling at 15, or 17, or 19 thousand feet. We are talking about relatively known geological formations at about 3,500 feet. So we know what we are drilling for and we know that the natural gas is present in certain amounts.

Nearly all, some 100 percent of these wells, will be developed by what can be classed as small, independent producers. This would be a group of men and women who come together, to organize a little company. Very frankly, they each may invest $1,000 or $2,000 or $3,000.

Back in the fifties I joined a group of individuals in West Virginia as we organized the MCF Gas Co. That is million cubic feet.

The geologists, had told us that in Randolph County, where I live, there was no natural gas.

The major oil and gas companies had moved out; they had released their leases. They were not interested in exploration. Hundreds and hundreds of leases were given up.

So we did some wildcatting; we drilled a certain number of wells—21 in all—14 of them producing. They were small producers.

Others came into the area—an area that was said not to contain natural gas in any quantities that would be worthwhile. In all, approximately 110 wells were drilled by small entrepreneur independents who were investing their dollars in the exploration for natural gas.

I sold my MCF Gas Co. stock when I came to the Senate in 1958. However, that company still continues to pay a small dividend to those who hold stock at the present time.

If we were to eliminate that depletion allowance—forgetting oil and talking of natural gas in West Virginia—I am provincial and also reasoned as I look not only at the local implications but at the national perspective that we discussed. If we were to have a total elimination of the depletion allowance, we would be drilling, not 1,500 wells in West Virginia in 1975; we would be drilling, possibly, not in excess of some 750 wells. Almost one-half or more wells will not be drilled in the State of West Virginia.

One might say its does not matter whether those wells are drilled. It matters to every man and women in this country who is concerned that an energy program here at home will develop domestic supplies so we will not need to rely on energy which comes from abroad. The average addition to reserves for each well is 200 million cubic feet if that well is successful.

Let us remember that natural gas is a major provider of energy for industry and business in this country. It is not just a byproduct of oil production. It is something that is basic in America. So these 1,500 wells that we would be drilling in West Virginia this year—as we drilled last year and as we drilled them in 1973—would add to our natural gas reserves a total of 250 billion cubic feet.

One might ask, what is that equivalent to? It is equivalent to almost 1 percent of the total natural gas production in the United States of America. West Virginia production is .9 percent of our domestic natural gas production.

I stress to my colleagues that we must think of the bits and pieces, as it were, which are important to the development, the continued exploration for natural gas in a State like West Virginia.

In West Virginia there also are potentially significant new supplies in deep geological formations that could be developed. This will require a special price reflecting the increased cost over national average prices. Current price structures discriminate against West Virginia producers thus discouraging exploration. Changes are necessary to spur this new development.

For several months the Federal Power Commission has been considering a petition to establish a special price for Appalachia to stimulate the development of

these new supplies. I have urged the Federal Power Commission to give an affirmative decision on this petition. These intrastate supplies can be developed competitively with interstate supplies. Therefore, West Virginia users would not be adversely affected by excessive prices.

These are some of the reasons why I felt a responsibility to join in an amendment such as has been presented by the Senator from Texas (Mr. BENTSEN). There are others of us in this body who recognize the importance of natural gas. This is the need for the small producer, that person who takes a chance, a calculated risk, with whatever amount of money he has to invest in a wildcat or small producer well. He may risk, as I have said, $1,000 or $2,000 or $3,000 when a group comes together. They organize a company and they drill for natural gas in a State such as West Virginia. This also is true in Kansas. It is true in a dozen or more States. I am not certain of the number. It is very important, therefore, that we recognize that there is genuine equity to an amendment such as is offered by the Senator from Texas (Mr. BENTSEN).

I hope it will receive the approval of the Senate.

Mr. PEARSON. Mr. President, I am pleased to join as a cosponsor of this amendment offered by the distinguished Senator from Texas (Mr. BENTSEN). It is a well-drawn amendment. I believe it will accomplish the objectives sought. I am convinced those objectives are sound.

I do not believe that retention of the depletion allowance for the major integrated oil companies is any longer necessary or desirable. On the other hand, I am convinced that keeping the depletion allowance for the independent unintegrated producers is definitely in the national interest.

Mr. President, one of the key issues before us is how do we expand domestic oil and gas exploration and development efforts. Or, to put it another way, how do we avoid inadvertently adopting measures which although unintended would have the effect of discouraging domestic oil and gas exploration.

I am convinced that denying the depletion allowance to the independent producer would, in fact, have a discouraging impact on the efforts to find new domestic oil and gas reserves. And that is why, I believe, adoption of this amendment is so very important.

I do not support this amendment so that some independent producer can get a special tax break, but because I want that independent to continue and indeed to accelerate his efforts to discover new reserves of oil and gas. I believe that this amendment will help achieve this.

This amendment retains the percentage depletion allowance for the first 3,000 barrels of average daily production for crude oil and the first 18 million cubic feet of average daily production of natural gas. However, it is extremely important to note here that this exemption will not be available to any producer who is engaged in the marketing or distributing of refined petroleum products.

An important aspect of this amendment is the plowback provision. Under this provision, the producer's deduction must be expended in qualified investments within a 24-month period. In other words, the tax benefits derived from retaining the depletion allowance must be used for further exploration and development efforts.

Mr. President, the small independent producers are the backbone of the exploratory efforts in the United States. Of the 10,000 producers of petroleum, only 70 produce over 3,000 barrels. The independents drill over 85 percent of the exploratory wells.

The independents rely heavily on the depletion allowance to finance their exploration efforts and, in particular, to attract risk capital which is needed to support the extremely high costs of drilling. Without the depletion allowance, it is most unlikely that they will continue to accelerate their drilling efforts to the level that is in the national interest, even if prices should continue to rise above already high levels.

Mr. President, it seems to me that this amendment is important not only because I believe that it will encourage continuation of exploration and development efforts by the independents, but also because it will help prevent further concentration at every level of the domestic petroleum industry. It has been my observation over the years that whenever the Congress and the administration take actions aimed at establishing certain controls or regulations over what are considered to be excesses or abuses in the oil industry, we inevitably seem to wind up making things easier for the big major integrated oil companies and more difficult for the small independent producers.

The fact of the matter is that the industry is made up of two very different types of operations. The majors and the independents operate under different economic conditions and different rules. And it would be a great mistake, it seems to me, in rewriting the Tax Code if we would fail to note these differences and take actions which would penalize the independents because we want to close a tax loophole that the major oil companies no longer need.

Mr. President, the major integrated oil companies, through their refineries and retail outlets and other sources of capital, simply do not need the depletion allowance to finance new exploration and development efforts. But the independents do. Senator BENTSEN has cited the fact that the independent producer's ability to finance future exploration without percentage depletion has been estimated to be between 15 to 30 percent lower due to reduced cash on hand and an unestimated additional reduction due to the reduction in outside risk capital that would result from the removal of the depletion allowance.

Mr. President, this is a good amendment. I urge its adoption.

Mr. HOLLINGS. Mr. President.

Mr. ALLEN. Mr. President.

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

Will the Senator from Texas yield?

Mr. BENTSEN. I yield to the Senator from South Carolina (Mr. HOLLINGS).

Mr. HOLLINGS. Mr. President, I call up my amendment to the Bentsen amendment and ask that the clerk state it.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. HOLLINGS. 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 foilows:

Strike subsection (c)(1) of the new section 613A proposed to be added to the Internal Revenue Code by the Bentsen amendment and insert the following:

"(c) Small Producer Exemption.—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the producer's average daily production of domestic crude oil as does not exceed 1,000 barrels, and

"(B) so much of the producer's average daily production of domestic natural gas (other than natural gas with respect to which subsection (b) applies) as does not exceed 6,000,000 cubic feet.

Strike in subsection (c)(3) the number "3,000" wherever it appears and insert in lieu thereof the number "1,000" and strike the number "18,000,000" wherever it appears and insert in lieu thereof the number "6,000,000".

Mr. HOLLINGS. I simply changed the 3,000 barrels to 1,000 barrels a day and changed the 18 million MCF to 6 million MCF. That is substantially what it does.

In other words, I was rather moved by our colleague from West Virginia and his two or three little people that get the $1,000 together, the little individual investors, who are to become the "endangered species," and I multiplied that by 1,000. I come all the way up to those grossing $1,360,000. I try to get that fellow so we can recognize him in ordinary clothes. We go all the way up to the Bentsen amendment, the 3,000 barrels or the $10,950,000 a year operator. What we are really doing is giving him $2.5 million in windfall profits in addition to the annual profits.

So I think, after having talked with colleagues on both sides of the aisle, some kind of consideration—and I acknowledge the vote on the Cranston tabling motion—that there is that sentiment within the Senate. I would like to have it cleaned out entirely, but we really come down to the independent, that 1,000 barrels a day really multiplies time over and again. That 6 million, bringing it down from 18 million cubic feet to 6 million, is still a substantial operation. So that is what my amendment would do.

CLOTURE MOTION

Mr. HOLLINGS. Mr. President, I send to the desk a cloture motion, and ask that it be reported.

This is in conformance with the representation we made earlier today, that probably is going to have to be viewed in the circumstances that exist on Thursday when the time for the vote on that cloture motion arrives. I would have to confer with the copetitioners for cloture at that particular time as to whether or not to proceed with it, but this should

be done before we close out the day, and I ask that the clerk report my motion for cloture.

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

The PRESIDING OFFICER (Mr. GOLDWATER). A cloture motion having been filed pursuant to rule XXII, the Chair lays before the Senate the cloture motion, which the clerk will state.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 2166, to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Ernest F. Hollings, Floyd K. Haskell, Vance Hartke, William D. Hathaway, Gaylord Nelson, George S. McGovern, Joseph R. Biden, Jr., John O. Pastore, Richard S. Schweiker, Gary W. Hart, Thomas J. McIntyre, Birch Bayh, Philip A. Hart, Clifford P. Case, Mike Mansfield, Joseph M. Montoya, Claiborne Pell, Abraham Ribicoff, Walter F. Mondale, Alan Cranston and Edmund S. Muskie.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays on my amendment.

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

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. What is the pending request before the Senate?

The PRESIDING OFFICER. Will the Senator suspend? The yeas and nays have been requested. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. CURTIS. May I inquire what is the pending request of the Senator from South Carolina? I understood that he propounded a unanimous-consent request.

The PRESIDING OFFICER. The Senator from South Carolina submitted a cloture motion, which has been reported. He has also offered an amendment to the amendment offered by the Senator from Texas, on which the yeas and nays have been ordered.

Mr. CURTIS. There has been no unanimous-consent request pending?

The PRESIDING OFFICER. Only that the Chair be allowed to have the clerk report the cloture motion, which has been done.

Mr. CURTIS. Very well.

The PRESIDING OFFICER (Mr. GOLDWATER). The question is on agreeing to the amendment of the Senator from South Carolina (Mr. HOLLINGS). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAGNUSON. Mr. President, may we have order.

The PRESIDING OFFICER. The Senate will be in order.

The clerk will resume.

The legislative clerk resumed the call of the roll.

Mr. RANDOLPH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. It is not in order during the rollcall.

Mr. RANDOLPH. Then, Mr. President, please clear the well.

The PRESIDING OFFICER. Senators will please clear the well.

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

Mr. BUCKLEY (when his name was called). Mr. President, as members of my family own oil royalties on which depletion is taken, I ask unanimous consent that I be permitted to vote "present."

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

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. CHILES) the Senator from Massachusetts (Mr. KENNEDY), the Senator from Maine (Mr. MUSKIE), the Senator from Alabama (Mr. SPARKMAN), and the Senator from Rhode Island (Mr. PASTORE) are necessarily absent.

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

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. PACKWOOD), and the Senator from Pennsylvania (Mr. SCOTT), are necessarily absent.

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

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

I further announce that the Senator from New York (Mr. BUCKLEY) voted "present."

The result was announced—yeas 41, nays 49, as follows:

[Rollcall Vote No. 71 Leg.]

YEAS—41

Abourezk	Hathaway	Nelson
Biden	Hollings	Nunn
Brooke	Humphrey	Pell
Cannon	Jackson	Proxmire
Case	Javits	Ribicoff
Clark	Leahy	Roth
Culver	Magnuson	Schweiker
Eagleton	Mathias	Stafford
Glenn	McGovern	Stevenson
Hart, Gary W.	McIntyre	Stone
Hart, Philip A.	Metcalf	Symington
Hartke	Mondale	Tunney
Haskell	Morgan	Williams
Hatfield	Moss	

NAYS—49

Allen	Byrd, Robert C.	Gravel
Baker	Church	Griffin
Bartlett	Cranston	Hansen
Bayh	Curtis	Helms
Beall	Dole	Hruska
Bellmon	Domenici	Huddleston
Bentsen	Eastland	Inouye
Brock	Fannin	Johnston
Bumpers	Fong	Laxalt
Burdick	Ford	Long
Byrd, Harry F., Jr.	Garn	Mansfield
	Goldwater	McClellan
McClure	Randolph	Talmadge
McGee	Scott, William L.	Thurmond
Montoya		Tower
Pearson	Stennis	Weicker
Percy	Stevens	Young

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—8

Chiles	Packwood	Sparkman
Kennedy	Pastore	Taft
Muskie	Scott, Hugh	

So Mr. HOLLINGS' amendment to Mr. BENTSEN'S amendment was rejected.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment of the Senator from Texas.

Mr. BENTSEN. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

Mr. MANSFIELD. Mr. President, the Senator from Nebraska was seeking recognition.

The PRESIDING OFFICER. The Chair is advised that the Senator from Nebraska was seeking recognition before the call for the roll.

Mr. CURTIS. I thank the Chair.

Mr. President, I wish to state my position on this whole matter of tampering with the oil depletion so far as our domestic production is concerned.

I am fully aware that many very conscientious and fine Members of this body feel very strongly from the standpoint of tax revision that they ought to do something about oil depletion.

The PRESIDING OFFICER. Order, please.

Mr. CURTIS. I believe, however, that the overriding issue for this country is increasing our supply of domestic oil. I do not think we can serve the interests of the rank and file of our citizens by any bill that does not add to our oil production in this country.

We are told that we are now 40 percent dependent upon foreign shores for our oil and that according to present trends it is going to go to 50 percent.

Mr. President, that means that nations outside our shores——

Mr. STENNIS. Mr. President, I call for order.

The PRESIDING OFFICER. The Senator will suspend until we have order. The Senators will take their seats. The Senator wil suspend until we have order.

Mr. CURTIS. Very well.

The PRESIDING OFFICER. The Senators conversing, please go to the cloakroom.

The Senator will proceed.

Mr. CURTIS. I shall not take more than 2 or 3 minutes more.

But I believe if the time comes when a foreign nation or a group of foreign nations can make a decision that shuts off the supplies to agriculture, that shuts off the supplies of petroleum to the airplanes, that shuts off the supplies of petroleum to industry and to our homes, we are at a very bad position.

I think dealing with that problem is far superior to any notion we might have about tax reform.

Now, I believe that the oil depletion was placed in the code for a reason. If we find oil under our land and pump it out and sell it, it is gone, it is not reoccurring income like wages or a wheat crop, or

something else that can be produced the next year. It is a sale of a capital asset. There is a reason for it.

I would also like to state that in this job of providing energy for our domestic economy, yes, for our national defense, that we need all of the oil companies. I hold no brief for the majors, but I would like to have the majors find all the oil in the United States, and particularly in Alaska and elsewhere, that they can.

If I thought that any of the proposals would increase the production of oil in this country, I would support it, but I am satisfied it will decrease it. I do not think that is serving the rank and file of the people of my State, even though most of them have no interest in oil whatever.

Also, I believe it is well established that the depletion allowance lowers the cost to the consumer.

Now, the bulk of the testimony by witnesses before the Committee on Finance, including George Meany, was to the effect that in this bill we ought not tamper with the repeal of the depletion allowance.

But for overriding reasons, for the defense and the going ahead full steam with our economy, I shall vote against tampering with the depletion on this bill particularly, and I think totally unless we have time to examine a proposal and have hearings.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. CURTIS. I yield the floor.

Mr. LONG. Mr. President, I will vote for a reduction of the depletion allowance and I may very well vote for the Cranston amendment. But, Mr. President, I do want to make this clear. There have been some very misleading statements made here.

For example, the Senator from South Carolina and his colleague from Massachusetts came before us and talked about the taxes these companies are paying. For example, they stated Exxon pays 6.5 percent. Texaco pays 1.7 percent.

Mr. President, we obtained from their filings with the Securities and Exchange Commission what those companies reported as taxes and here are those figures in the pamphlet by the Finance Committee which I will make available.

Exxon on their foreign oil paid 78 percent of gross income in tax. That is not including the tax at the pump. That is the tax they paid the foreign nations.

The big 10 that can go overseas paid an average of 70.3 percent. Take Texaco, for example. The Senator told us that Texaco paid 1.7 percent. Now, what does the filing of tax data with the Securities and Exchange Commission show?

Well, on their foreign oil, Texaco paid 74.3 percent and on their domestic oil they paid 37.3 percent.

Now, for the big 10 companies, and mind you, Mr. President, these are the companies that we would propose to deny a depletion allowance, these are the ones the Cranston amendment would take it from.

Well, here is the tax on their entire income, not counting the tax at the pump, not counting the 10-cents a gallon that they collect and remit to the Government, but counting the income tax, the production taxes they pay the States and the property taxes they pay the States. They pay an average of 70.3 percent on the foreign income and they pay 42.9 percent on their domestic income.

Now, that is an interesting figure because the average for all manufacture is 38 percent. So in terms of taxes the oil companies pay, including the taxes they pay the State Governments, such as the severance tax in Louisiana where we collect 12 percent of gross before they ever know whether they made a nickel profit or not, they pay a total of 42.9 against an industry average for manufacturing of 38.

The point is that they are paying more taxes——

Mr. JACKSON. Will the Senator yield?

Mr. LONG. Yes.

Mr. JACKSON. We should make one thing very clear, and that is that these companies have a domestic corporation and the figure the Senator is referring to in the 48 percent bracket relates to what their earnings are as a domestic company, but when we put the domestic company in with the parent company, the figures that were indicated earlier by reason of the tax credit is that it brings them down to an average of 5 percent. That is what our investigation showed, am I correct?

Mr. LONG. Well, the Senator is in error, in my judgment. He is not considering the taxes that they pay to the foreign government.

Some nations do not tax one at all—in Great Britain they do not—on the income one makes when doing business in a foreign country.

They might pay an income tax when they bring it home, but they pay nothing there; but when they are doing business in a foreign land they pay an average of 70 percent. They pay an average of 42.9 percent doing business in this country.

Now, Mr. President, the chart in the back of the room to which I direct the Senator's attention, shows profits on oil, foreign divided from domestic, up through 1973.

Now, Senators will note that in recent years if we consider the depreciation and the value of the dollar, the red line which is domestic profits has hardly gone up in 1973, past the depreciation in the currency. In terms of constant dollars, there is hardly any increase at all.

Look at that line on foreign income, that has gone up by 1973 to 7.3, and the Hollings amendment would only collect $40 million taxes on that $7.3 billion of income on which the Cranston amendment would collect about $700 million. This is on the basis that even though they do pay a lot of taxes to foreign governments, we would like to collect some for our Treasury.

That is where the big profit is.

Mr. JACKSON. Will the Senator yield?

Mr. LONG. I will not yield at this moment until I make my point.

Mr. President, if you put the 1974 figures for profits on foreign oil on that chart, it will run right on off the chart. They are up another 20 percent for 1974.

On that red line, about one-third of that would be the independents, with regard to whom the Senator contends they should be permitted to keep a depletion allowance. A number of reasons can be given for that, but one of them is very simple: A major company can drill 50 dry holes in a row, and they have the income and the resources to write the 50 dry holes off again. There are very few independents who can stand it for as many as 10 or 12 dry holes, especially if they are costing $1 million apiece, and some of them do.

Furthermore, Mr. President, when you consider the competitive conditions, a major company, if they have to pay more taxes, have many places they can look to make it back. They can make it back in transportation, even including the transportation they are charging the independent to carry his oil. They can make it back in their refinery operations. They can make it back in their shipping operations.

Goodness knows, I tried to do something about their shipping operations last year and did not have any success. I tried to make them use American seamen.

They can make it back in their filling stations and their marketing operations. They have all kinds of places where they can make it back. A lot of it they can make back on the independent's oil, their competitior.

Mr. President, before this crisis occurred, I can recall a situation that existed in places like Shreveport, Louisiana, where half of the independent producers there had their rigs up for sale. They were broke. They were going out of business as fast as they could go out of business. Their number has been reduced from 20,000 independents down to 10,000. They were going out of business in droves at the time the price went up.

The Senator from Colorado made the point that the price has increased. Yes, it has.

The Senator did not bother to mention that at the prices before that increase they were all going broke. The independents were going out of business in droves prior to the time that the embargo hit and the price in the industry went up.

I know very well that many of them had their rigs up for sale in Shreveport, and I am sure many more in Dallas, where they could not even get takers. The rigs were worth scrap value because no one cared about them. There was not that much profit and they could not compete against the foreign oil. There was a decision made that we ought to buy foreign oil on the pure economics of foreign trade, not recognizing the fact that when you make this Nation dependent on foreign oil, you have a problem.

I just want to make another point, Mr. President. These companies do pay a great deal of tax. This depletion allowance has been criticized to the extent that I am willing to vote to drastically reduce it or eliminate it where the major companies are concerned.

I do say, Mr. President, as far as the great majority of independents are concerned they are not going to be able to attract any capital into their program. They will have to drill entirely with their

own money. The probabilities are that over a period of time you are going to see the same mortality rate among the independents in the future as you have seen in recent years.

Mr. JACKSON. Will the Senator yield?

Mr. LONG. I yield.

Mr. JACKSON. I think the Senator makes a good point. There is a valid distinction between the oil company that operates entirely within the United States and the oil company that operates within the United States and abroad.

In the situation where a company operates abroad, they have a foreign affiliate and they can take as a deduction on their corporate tax over here the cost of their oil. The price they have to pay for the oil has been treated as a tax deductible item.

You have two companies, one company that is international with the same volume of oil but doing half of their business abroad, and an independent company doing all their business here. The independent company pays a higher corporate rate in the United States. Will the Senator agree?

Mr. LONG. That is the kind of thing that the Cranston amendment would get at. It would get at these gimmicks in the law that make it possible for all of this foreign oil to escape taxation to this Treasury while the domestic oil is paying a lot of taxes into the Treasury of the State and the Federal Governments.

Mr. JACKSON. Having said that, so we make the record clear when we talk about the major international oil companies paying a tax rate of 48 percent, this tax rate relates to the domestic entity. I am talking, however, about the parent company. I am talking about the consolidated tax return. When you look at the consolidated tax return, the investigation that the Investigations Subcommittee conducted shows that among major international oil companies their effective U.S. income tax rate, is 4 to 5 percent.

I want to make that distinction because I think my good friend from Louisiana was talking about a domestic company—I do not know which company he is referring to. Where they have a domestic corporation, certainly their tax rate is higher. But then when you take the international company and the domestic company and you consolidate it—and that is what you look at in the end—the average effective tax rate for major international oil companies is only about 4 or 5 percent.

Mr. LONG. Mr. President, the Senator comes up with that conclusion, ignoring the fact that they have already paid to the foreign government, which has the power to take 100 percent, including the company itself and is doing so in some cases.

Mr. JACKSON. I am talking about the basic issue. We are talking about several corporations. You end up with one corporation. When you get the consolidated tax return, and that is what counts, their effective rate of tax averages about 5 percent. General Motors is over 40 percent. Therein lies the problem.

I think the Senator's point that he has been making over the years is that if you stay in the United States as an independent you bear a higher rate of tax than if you go abroad and divide your business because of that tax writeoff. Then you can consolidate your return and your average corporate rate here goes down. I believe I am correct in this. If I am wrong, I will let the record speak for itself.

I think we are talking about different corporate entities. It is the consolidated return that you have to look at.

Mr. LONG. The point I had in mind about that, and I am in agreement with the Senator about this matter, is that even though they pay a great deal of taxes to foreign governments, goodness knows they can afford to pay a lot, if you have a well overseas that is producing an average of 10,000 barrels per day, as they are in Saudi Arabia, and a well here that costs the same thing to drill but only producing 10 barrels, if you have a well producing 1,000 times as many barrels of oil per day over there, you can pay a great deal more. Especially if you are permitted to charge $11 for it where here you are held below that point.

Any balanced approach on it ought to get a substantial amount of income off the foreign profits. That is where the big profits have been. That is why, Mr. President, I think the Senator's amendment in seeking to collect some of that tax on some of the foreign oil, and permitting the independents with 3,000 barrels or less to have a depletion allowance on that much, is a very good amendment. I think it serves a good purpose.

Mr. HARTKE. Will the Senator yield?

Mr. LONG. Yes.

Mr. HARTKE. This is one of the reasons why you ought to try to keep these things separate. In the first place, the foreign tax credit and the deferral of taxation on foreign-earned income and the profits are two of the biggest tax loopholes in the whole tax system. That is what the Senator from Louisiana is talking about. But I do think it is a mistake, really, to confuse the two.

The fact is that in relation to any type of foreign oil development, there is no necessity to take any depletion allowance. It is a non sequitur. It does not mean a thing to a foreign operation.

The difficulty with the Cranston amendment is that it does not cure the problem.

Mr. LONG. As I understand the problem, the Cranston amendment would eliminate the depletion allowance on all foreign oil.

Mr. CRANSTON. That is right.

Mr. LONG. So foreign oil would not get a depletion allowance. It would even eliminate the depletion allowance entirely so far as all the oil companies are concerned, so that they would not get one dollar of the depletion allowance even on their domestic oil.

I ask the Senator if that is correct.

Mr. CRANSTON. That is absolutely correct.

Mr. HARTKE. There is not a foreign oil company taking a depletion allowance, so something is eliminated that they are not taking.

Mr. LONG. There are some.

Mr. HARTKE. No major oil company is taking it. They have piled up credits which they have piled up over the years.

Why does not the Senator keep that part of the bill out and let us go separately on the tax credit? The difficulty with the Cranston proposal is that it deals only with $460 million out of $2,000 million which are presently being avoided in taxation.

Mr. LONG. I do not find any basic disagreement, no substantial disagreement, with the Senator on his facts, but I differ on the conclusion.

How can you justify it when you are counting on your own industry to save you, when you are holding your own industry down to $5 a barrel, while paying $11 for the foreign oil? How can you vote to put another $2.5 billion in taxes on the domestic industry and clobber your independent producers, who look after you and produce for you in good times and bad, while you permit the foreign people, who are getting 10 times as much profits as the domestic producer, not to pay taxes?

Even if the foreign tax credit for the major companies were repealed, it would not eliminate the $40 million, because the foreign tax credit gives them a credit against the 48 percent tax rate. Unless that is amended, you are not going to pick up any income by changing the depletion allowance on the foreign oil.

Mr. HARTKE. The fact is that as long as you keep the two items together, you are going to get a disparity of results. The fact is that the foreign tax credit is one loophole. The depletion allowance is another loophole. They are separate loopholes. If you are going to deal with them in a combination and make a sweetheart deal, that is nothing at all. The foreign tax credit should be at least lowered to a deduction with a 24 percent rate, which would raise a billion dollars. The fact is that when you get the two put together, you get a result which does not make sense.

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

Mr. LONG. I yield.

Mr. BENTSEN. I am in agreement with putting a limitation on the foreign tax credit, and I have introduced separate legislation to do that. We have been debating this all afternoon and all evening, and I was delighted to see us give the Senator from South Carolina an opportunity to have a vote on his amendment. I would like to have an opportunity to vote on my amendment tonight. It does have a plowback provision in it. It does have the limitation that repeals depletion for the major. I think it keeps the independents in business. I would be pleased to support a foreign tax offset as a separate amendment.

I have asked for the yeas and nays, and hope we can move on the question.

Mr. STEVENS. Mr. President, I apologize to the Senate. The Senator from Illinois (Mr. STEVENSON) and I have been involved in hearings all day on the natural gas bill. I have some serious questions about voting on the two amendments before the Senate.

I have no objection to protecting independents. But if my figures are correct,

more than half the new gas and half the new oil that is going to be produced is going to come from my State; yet, we do not have any independents.

I do not know why we have to confuse this bill, which is designed to give relief to taxpayers, to get money back into circulation, with the problems of the depletion allowance. We want the depletion allowance changed and modified in some ways. I think it is time to do that; but to do it at this time, in this fashion, and completely ignore the impact on my State, is wrong.

The proposal is to give an incentive to the little wells throughout the country, which are going to produce small amounts of oil, and at the same time take away any incentive to go into Alaska, where the costs are high.

For example, I am told that to drill a well to 12,000 feet on the North Slope will cost $6 million. Operating a drilling rig in the offshore waters of Alaska will cost $100,000 a day.

Whether you like it or not, depletion allowance is part of the economic fabric of the financing, exploration, and development in the country today. If depletion is changed in this manner, I am told that companies involved in exploration and development of Alaska are going to borrow at least another $130 million just to keep the schedule, in developing the Prudhoe Bay find alone. We want them to go beyond that. We want them to reach into the 14 sedimentary basins of Alaska capable of producing oil and gas, into the offshore area, such as Lower Cook Inlet and the Outer Continental Shelf off Alaska.

Why do Senators want to give the incentive only to the independents? If these people go overseas, they will get a better tax advantage than if they go to Alaska to develop oil under this flag, using American equipment, American people, with taxes paid in this country. I think it is going at it the wrong way.

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

Mr. STEVENS. I should like to finish.

I implore Senators to take this off this bill and let us look at it rationally, after the hearings are held by the committee, and have the committee report a bill that deals with the whole subject of financing as well as development, as well as the foreign tax credits.

Why change the rules in the middle of the game? I say to my good friend the Senator from Texas that we developed the second largest State under the depletion theory. We just had the Texas railroad commissioner before the Committee on Commerce, and he pointed out that in the time the Alaska pipeline has been delayed, Texas has produced some 10 billion barrels of oil. We could have produced a considerable amount in the same time. But Texas produced it under the system that has the depletion allowance.

Why change the rules of the game just as the great production from my State is coming into being? I am willing to modify them, but I think we should have the incentives that brought about the depletion in the Southwest—the South 48—apply to the great provinces in my State.

I accept the intentions of the Senator from Texas. He wants to protect the independents; 3,000 barrels a day when you are trying to fill a pipeline with 2 million barrels a day is not going to do much good. We think 6 million barrels a day will be coming out of our country. It is going to be awfully expensive transportation, and they will have to find a lot of oil to fill those pipelines.

I implore Senators not to do this. I have urged people to table all these amendments and let us get about the business of stimulating the economy and deal with the depletion problem later. I think we are willing to assist in modifying it, to eliminate some of the objections raised in the past.

Mr. BENTSEN. The Senator from Alaska stated that the people who were drilling the middle wells, the shallow wells, do not produce much. But the figures show that even down to 20,000 feet and deeper—and those are very deep wells—the independent drills as many wells as does the major; and when you get below that number of feet, then the independent drills more exploratory wells than the major. So these independents can get in there and do the expensive wells and the deep explorations. I want to keep them in a position where they are viable and continue to do so.

The major oil company can get the financing. He does have his cash flow. He can pass some of his costs on down that chain, and he can pass them on to the refineries and the retail outlets. But that is not the case with the independent, and he goes out of business if he does not have it. I think the major can continue to finance his wells and sell his bonds and have the cash flow to do it.

Mr. STEVENS. If that is so, I do not know where they have been. They are not operating in Alaska. The only independents I know are operating in association with majors. Whether we like it or not, we are one-fifth the size of the United States. We have 15 sedimentary basins that are capable of producing oil and gas and they are basins every bit as good as any there are in Texas. I believe they should be developed under some economic approach which is comparable to that which developed the Senator's great basins. I think we owe a great debt to the State of Texas for the amount of oil and gas that they have produced and exported to the rest of the country. We wish to do the same thing.

Without thinking about it, what we are really doing is stimulating exploration and development in the areas that have already been explored and developed. The independents have had an opportunity to go into the south 48 all this time. Now, when we get into the high cost areas of the frontiers and the Outer Continental Shelf of Alaska, I do not quite understand why a precipitous change in the depletion allowance, in the whole economic fabric of the oil industry, should be made in connection with a bill that is designed to stimulate the economy and rebate taxes from last year.

I yield to the Senator from Nebraska.

Mr. CURTIS. What effect will the repeal of the depletion allowance have upon the financing and construction of the pipeline now underway?

Mr. STEVENS. As I have previously stated, I am informed that the change provided in this bill would mean that the companies involved would have to borrow an additional $80 billion to $130 billion a year because that was proposed to come out of the cash flow that is associated with depletion. I think sometimes we ought to get rid of all these old terms that are really dirty names now, like "depletion." We really are talking about the cash flow, about the reinvestment of earnings before taxes. Certainly the people on our committee that we rely on—the Senator's Committee on Finance—ought to be able to devise a way to bring about that type of cash flow before taxes and require its reinvestment in exploration and development of energy resources, to maintain the incentives that brought about the development of these great oil resources of our country and have those types of incentives available up in the State of Alaska.

Mr. CURTIS. According to the Senator's information, what contribution can Alaska make to the oil needs of our country if it is allowed to go ahead at the most rapid rate possible in all the fields that show promise?

Mr. STEVENS. I do not have those figures here, I am sorry to say. I have them in my office.

Mr. CURTIS. Can the Senator give us a general idea?

Mr. STEVENS. Generally, we are looking to 2 million barrels a day no later than January of 1978. The postulation I have seen would bring about the development of at least 3.5 million barrels a day by 1985 at the minimum, with an outside limit and my colleague can correct me if I am wrong—I think we are talking about 6.5 million barrels per day if we have optimum development.

Mr. CURTIS. Would the passage of any of these bills changing or altering the depletion allowance have any effect upon this potential production?

Mr. STEVENS. I think it would. I think it removes the incentive that has brought about the development of other oil in the country. While I agree that those incentives need to be changed—there has been no requirement for a plowback of depletion allowances. I think that there should be. I think we have some reasonable approaches that have been outlined by the Senator from California and the Senator from Texas as far as further graduated incentives for the smaller producers. I am willing to go into that. But why in this bill?

Mr. CURTIS. I ask the Senator. will the repeal of the depletion allowance make the oil delivered in the lower 48 from Alaska higher or lower in cost?

Mr. STEVENS. That is another thing I would like to have time to develop, because I am of the opinion that it would cost more. If these companies have to

go out in the capital market and compete with the Federal Government, which is going to have a $60-odd billion deficit, looking in the capital market for money, they are going to pay a 10 percent plus rate for money. That has to go into their cost of development as opposed to using retained earnings and reinvestment. It should reduce the cost if we continue the present system. If we do away with the depletion allowance, I think it will increase the cost of the pipeline, and I have been so informed. It will take some time to develop that and show the extent to which it will increase the cost to the consumer of the transportation of Alaska gas if we do away with the depletion allowance without substituting for it some type of privilege to reinvest earnings before taxes.

Mr. HANSEN. Will the Senator yield on that?

Senator JACKSON subsequently said: Mr. President, I ask unanimous consent that in connection with my colloquy with the able floor manager, the distinguished Senator from Louisiana, I be permitted to have printed in the RECORD an excerpt from the report from the Permanent Subcommittee on Investigations in connection with the tax returns of the seven major international, American international companies.

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

ANALYSIS OF TAX DATA OF SEVEN MAJOR OIL COMPANIES

SUMMARY

The following tables and explanatory material are an analysis of tax data for seven major oil companies over a 5-year period, 1968–1972. These companies are Exxon, Texaco, Mobil, Standard Oil of California, Gulf, Standard Oil of Indiana, and Shell. The tax data were tabulated from tax returns obtained by the Senate Permanent Subcommittee on Investigations under Executive Order 11711, dated April 13, 1973. In order to preserve the confidentiality of the data, the companies have been randomly designated by the letters A through G and the tables reflect 5-year averages or aggregated amounts.

One objective of the analysis was to establish the effective tax rate paid by the major oil companies. Effective tax rate is defined as the Federal income tax actually paid as a percentage of net income. Except for the first $25,000 of each corporation's taxable income, the corporate tax rate is 48%. We also sought to determine how the effective tax rate was reduced both by extraordinary deductions permitted all taxpayers (such as accelerated depreciation) and those peculiar to the extractive industries (such as percentage depletion allowances).

In the 5 years from 1968–1972, five of the seven companies paid between 1.32% and 5.56% of their net income in United States income taxes while paying between 24.87% and 31.44% to foreign governments in payments designated as income taxes (Table 1A).

In 1972, the pre-tax net income of the seven companies combined totalled approximately $10.2 billion; they paid approximately $2.9 billion in foreign "income taxes" and only approximately $450 million in United States income taxes. The effective United States tax rate for the group was 4.41% and the effective foreign "income tax" rate was 28.70%. Effective United States income tax rates from 1968 through 1971 for the group ranged from 2.55% to 5.36% while effective foreign "income tax" rates ranged from 19.49% to 26.67% (Table 1B).

Both Tables 1A and 1B compute the effective income tax rates on net income not reduced by provisions for United States income taxes or deductions for foreign taxes paid which have been deemed income taxes. This is in accordance with rulings issued by the Internal Revenue Service that such payments to foreign governments are not royalties, severance taxes, or excise taxes but income taxes, qualifying for the tax credit provisions of the Internal Revenue Code.

Effective U.S. tax rates were recomputed in Tables 2A and 2B with net income reflecting a deduction for all foreign income taxes paid—thus viewing them as royalties or similar type payments; i.e., a cost of doing business. The lower net income produced slightly higher effective U.S. income tax rates. Table 2A shows effective U.S. tax rates for five of the seven companies of between 1.82% and 7.39% (compared with 1.32% and 5.56% in Table 1A).

The effective tax rate is less than the 48% nominal corporate income tax rate because of extraordinary deductions available to all taxpayers and because of special deductions available to companies in the extractive industries. Table 2A shows five-year averages (1968–1972) for each of the seven companies. For example, Company E's U.S. tax rate of 48% immediately falls by about one-half, to 24.17%, as it takes deductions available to other taxpayers but deemed special or extraordinary in nature—accelerated depreciation, the investment tax credit, capital gains and others.* Percentage depletion, as adjusted by the minimum tax, reduced Company E's U.S. effective tax rate to 8.50%. Deductions for intangible drilling costs further reduced Company E's U.S. effective tax rate to 6.06%. Finally, the foreign tax credit reduced Company E's effective tax rate to 1.82% over the years 1968–1972.

In 1972, the composite United States corporate tax rate of the seven companies was reduced from 48% to 23.39% through tht "special" non-oil tax preferences cited above; from 23.39% to 9.84% through percentage depletion (adjusted by the minimum tax); from 9.84% to 8.88% by expensing of intangible drilling costs and from 8.88% to 6.18% by means of the foreign tax credit. These results follow the pattern exhibited in prior years (Table 2B).

Depletion deductions for the seven companies were aggregated for each year and compared to total industry deductions. In 1971, the latest year available for comparative purposes, the seven companies took approximately $2.3 billion in depletion deductions or approximately 57% of the industry total (Table 3).

Foreign tax credits of the seven companies were also aggregated for each year. In 1971, the latest year available for comparative purposes, the companies took approximately 40% of the foreign tax credits taken by the oil industry and approximately 15% of those taken by all United States corporations (Table 4).

The creation of a Western Hemisphere Trade Corporation permits a reduction in tax rate. With regard to the extractive industry, an important feature of this type of corporation is that it permits the use of percentage depletion, not otherwise available in the case of a foreign subsidiary. In 1970, the last year available for comparative purposes, the group of seven companies accounted for approximately 90% of the Western Hemisphere Trade Corporation deductions taken in the oil industry and 38% of the deductions taken by all corporations (Table 5).

The minimum tax was instituted to subject certain previously tax free items to at least some tax. Figures available for 1971 show that the minimum tax had a significant impact on the seven companies (increased tax liability by 26.94%) and on the oil industry (increased tax liability by 28.24%) while having little effect overall on all United States corporations (increased tax liability by 1%) (Table 6).

EFFECTIVE TAX RATES

Tables 1 and 2 provide data on the effective tax rate, or the actual percentage of net income paid in taxes, of seven major oil companies: Exxon, Texaco, Mobil, Standard Oil of California, Gulf, Standard Oil of Indiana and Shell. A 5-year effective tax rate average is given for each company which, to maintain confidentiality, is designated by letter. The aggregate results for all seven companies, including both dollar amounts and percentage results, are provided for each of the five years. The discussion of the results and implications of the analysis are directed towards the aggregate results.

Table 2 focuses on a number of provisions of the International Revenue Code which are charged to be of special benefit to oil companies and result in reducing their effective tax rates below those in other industries. These provisions include:

(1) *Percentage depletion* (Sections 613–614 of the Internal Revenue Code of 1954). Cost depletion allows a write-off based on original cost and is similar to depreciation. Percentage depletion allows a deduction equal to 22% of gross income after royalties. Percentage depletion is therefore unrelated to actual cost and results in deductions exceeding cost.

(2) *Expensing of intangible drilling costs.* (Section 263(c) of the Internal Revenue Code of 1954). Under present code provisions, intangible drilling costs may be expensed—deducted in the year incurred—rather than being prorated over the life of the well, as would normally be the tax treatment of such capital expenditures. This allows a deferral of taxes. The advantage in deferring taxes is the interest which may be earned on deferred taxes. In addition, if continual investment is made the deferral may become a permanent tax savings.

(3) *Treatment of foreign production taxes for purposes of the foreign tax credits* (Sections 901–906 of the Internal Revenue Code of 1954). Under present code provisions, foreign income taxes paid are deducted from the United States tax liability to determine the ultimate tax due. Under Internal Revenue Service rulings, foreign production taxes are treated as income taxes and hence qualify for the foreign tax credit. The alternative approach would be to treat such foreign production taxes as royalties or severance or excise taxes, i.e., as costs of doing business. Two advantages arise from treating them as income taxes rather than royalties or production taxes. First, these production taxes are included in the gross income base for computing percentage depletion. Second, they reduce United States tax liability dollar for dollar (because they are creditable) rather than 48 cents on the dollar (if they were deductible costs).

Tables 1 and 2 show alternative measures of the effective income tax rate of the oil companies, based on different approaches to

*A list of most of these tax provisions may be found in "Estimates of Federal Tax Expenditures," Committee on Ways and Means, prepared by the staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation, June 1, 1973.

measuring the tax burden. Table 1 shows the income tax burden both in the United States and abroad, using the premise that foreign production taxes paid by the oil companies are income taxes. Table 2 shows the United States income tax burden, assuming that foreign production taxes paid by oil companies are royalties or costs of production and not a tax on profits.

Accordingly, in Table 1, the base net income figure used to compute effective tax rates is income before foreign and United States income taxes (book net income plus foreign creditable taxes plus provision for United States income taxes). Table 1A presents three effective rates— foreign creditable taxes (deemed to be income taxes under IRS rulings), United States income taxes actually paid (regular income taxes plus the minimum tax on preference income[1]) and total income taxes.

The aggregate table (Table 1B) illustrates several aspects of the taxes paid by the oil companies. First, foreign taxes and the effective rates of foreign income taxes were fairly stable from 1968–1970 and then rose sharply in 1971. Second, United States income taxes and the effective tax rate were higher in 1968, dropped in 1969 and then climbed again in 1970, dropping slightly in the following two years. The table also illustrates that foreign income taxes claim a much larger and increasing share of total taxes paid than United States income taxes.

[1] The minimum tax is an additional tax imposed on certain items of preference income including the excess of percentage depletion over the adjusted basis of the property. In computing the minimum tax, the taxpayer deducts from preference income $30,000 plus regular income taxes and then applies a 10% rate.

TABLE 1

A. EFFECTIVE TAX RATE: UNITED STATES AND FOREIGN INCOME TAX—5-YEAR AVERAGE, 1968-72

	Foreign income taxes	U.S. income taxes	Total income taxes
A	3.56	7.20	10.76
B	25.27	3.08	28.34
C	31.44	2.32	33.77
D	25.59	2.30	27.90
E	27.37	1.32	28.70
F	.34	13.05	13.39
G	24.87	5.56	30.43

B. AGGREGATE—7 COMPANIES

[Money amounts in thousands of dollars]

Year	Pretax net income[1]	Foreign income taxes[2]	U.S. income taxes[3]	Total U.S. and foreign income taxes	Effective rate: Foreign income taxes	Effective rate: U.S. income taxes	Effective rate: Total income taxes
1968	$7,576,607	$1,477,056	$294,018	$1,771,074	19.49	3.88	23.88
1969	8,161,889	1,623,103	208,500	1,831,603	19.89	2.55	22.44
1970	8,848,243	1,735,324	474,570	2,209,894	19.61	5.36	24.98
1971	9,460,257	2,522,981	467,467	2,990,488	26.67	4.94	31.61
1972	10,236,458	2,938,012	450,985	3,388,997	28.70	4.41	33.11

[1] Net income per book plus provision for Federal income taxes plus foreign creditable income taxes paid and deemed paid.
[2] Taxes paid and deemed paid.
[3] Regular plus minimum income tax.

As noted earlier, Tables 2A and 2B assume that foreign production taxes are royalties, or a cost of doing business rather than a tax on profits.[2] Accordingly, in Tables 2A and 2B the base net income figure used to compute effective tax rates is net income before Federal income taxes but reflecting a deduction for all foreign taxes paid. These tables show how much of the departure from the corporate tax rate of 48% is accounted for by various tax provisions, including percentage depletion, expensing of intangible drilling expenses and the foreign tax credit. The value of percentage depletion is entered as the difference between tax and book depletion multiplied by te tax rate (48%) and reduced by the minimum tax.[3] The value of expensing intangibles was entered as the difference between tax and book cost multiplied by the 48% tax rate. The value of the foreign tax credit was entered as the difference between foreing tax credit taken and 48% of foreign taxes paid.

[2] In preparing these tables certain foreign taxes paid in non-producing countries are treated as costs, although clearly in the nature of income taxes. However, there was no way to sepearate these taxes and hence, for the purposes of this table, the entire tax is treated as a deduction. The result is a slightly lower effective tax rate than might be the case if such taxes which are more clearly income taxes are treated as income taxes.

[3] The mimimum tax was presumed to reduce the value of percentage depletion since without percentage depletion it is relatively unlikely that any mimimum tax would have been due.

TABLE 2-A.—FIVE-YEAR AVERAGE, 1968-72

	Company A	Company B	Company C	Company D	Company E	Company F	Company G
Statutory rate	48.00	48.00	48.00	48.00	48.00	48.00	48.00
Effective rate after reduction in tax liability due to:							
Provisions other than percentage depletion, intangible drilling costs and foreign tax credit	19.70	31.30	29.73	26.42	24.17	34.26	21.10
Percentage depletion (initial)	8.94	9.83	9.27	13.56	7.63	10.63	9.57
Percentage depletion (adjusted for effect of minimum tax)	9.89	11.59	10.70	14.28	8.50	13.34	9.82
Expensing of intangible drilling costs	8.14	9.98	8.28	13.83	6.06	13.20	9.82
Foreign tax credit (actual effective tax rates)	7.47	4.12	3.39	3.10	1.82	13.09	7.39

TABLE 2-B.—AGGREGATE

[Money amounts in thousands of dollars]

Item	1968 Amount	1968 Resulting effective tax rate	1969 Amount	1969 Resulting effective tax rate	1970 Amount	1970 Resulting effective tax rate	1971 Amount	1971 Resulting effective tax rate	1972 Amount	1972 Resulting effective tax rate
1. Pretax net income	$6,099,551		$6,538,786		$7,112,919		$6,937,866		$7,298,446	
2. Expected tax liability at 48 percent rate	2,927,783	48.00	3,138,614	48.00	3,414,191	48.00	3,330,172	48.00	3,503,250	48.00
3. Reduction in tax liability due to provisions other than percentage depletion, intangible drilling costs and foreign tax credit	1,327,078	26.24	1,531,720	24.57	1,811,086	22.54	1,537,474	25.84	1,795,808	23.39
4. Reduction in tax liability due to percentage depletion:										
Initial	1,006,593	9.74	984,569	9.52	893,025	9.98	1,050,180	10.70	1,092,868	8.42
Reduced by minimum tax					89,326		99,217		103,483	
Adjusted					803,699	11.24	950,963	12.13	989,385	9.84
5. Reduction in tax liability due to expensing intangible drilling costs	70,533	8.58	106,089	7.89	60,138	10.39	42,109	11.53	70,247	8.88
6. Reduction in tax liability due to foreign tax credit	229,561	4.82	307,736	3.19	264,705	6.67	332,217	6.74	196,825	6.18
7. Actual taxes paid	294,018	4.82	208,500	3.19	474,570	6.67	467,467	6.74	450,985	6.18

Referring to the aggregate of the seven companies found in Table 2B, after establishing the base for net income in item 1, an indication of the amount of taxes due, if a 48% rate were applicable, is shown in item 2. For 1972, on net income of approximately $7.3 billion, taxes in the amount of $3.5 billion would have been due. The impact on the effective tax rate of 'special" or "extraordinary" provisions of the tax law, other than percentage depletion, expensing of intangibles and the foreign tax credit is shown in item 3. These include such generally available provisions such as accelerated de-

preciation, the investment tax credit, and capital gains.[4] Thus, item 3 shows what the effective tax rate would have been after deductions for special tax preferences to all taxpayers but before deductions peculiar to the extractive industries—percentage depletion and expensing intangible drilling expenses—and before the foreign tax credit. Thus, for example, in 1972, treating the seven oil companies as other corporations, the nominal corporate tax rate of 48% would have been reduced to an effective tax rate of 23.39%. Treated as other corporations their total aggregated tax bill would have been approximately $1.7 billion ($3.5 billion computed under nominal corporate tax rate minus approximately $1.8 billion in special preference deductions indicated in item 3).

Item 4 illustrates the impact of percentage depletion on the effective tax rate. The percentage depletion deduction was clearly the most important of the provisions peculiar to the extractive industries in reducing the effective tax rate, accounting in the aggregate for about thirteen percentage points in 1972, reducing the aggregate effective tax rate to 9.84%, and reducing the seven companies tax bills by approximately $990 million.

Item 4 indicates that the relative importance of percentage depletion declined after 1969, which would be expected since the Tax Reform Act of 1969 reduced the percentage depletion rate from 27½% to 22% and imposed the minimum tax. However, it also suggests that for the years 1971 and 1972 the decline in relative importance is primarily attributable to the minimum tax rather than the reduction in percentage depletion rates.

Item 5 shows the impact of expensing, or deducting currently, intangible drilling costs on the effective tax rate. There are a number of difficulties in computing this item. Since it is a timing deduction whose value lies at least partially in deferring rather than reducing taxes, it is difficult to determine the actual value. An additional problem is that the items found in the tax return did not always indicate that the same definition of intangible drilling and development costs were used for both tax and book purposes. In any event, the computations show that the expensing of intangibles has a relatively small impact on effective tax rates, generally accounting for a one percentage point reduction. For 1972 these deductions further reduced the effective tax rate to 8.88%, saving the seven companies approximately $70 million.

Item 6 of the table measures the impact of the foreign tax credit on the effective tax rate. the value of the foreign tax credit is the difference between taking foreign taxes paid and deemed paid as a deduction and the actual foreign tax credit allowed. The impact of the foreign tax credit has ranged from around three percentage points to around five percentage points, with the lowest impact in 1972. This lessened impact in the face of rising foreign taxes may reflect the inability of many companies to utilize the additional taxes paid because of the limitation on the foreign tax credit. (The foreign tax credit is limited to the United States taxes which would have been paid on foreign taxable income under either a per country limitation or an overall limitation). For 1972, the foreign tax credit further reduced the aggregate effective tax rate to its final figure—6.18%. It saved the seven companies approximately $197 million in that year.

The results of Table 2 indicate a relatively significant tax saving role for percentage depletion and a lesser one for the foreign tax credit. These results are misleading because they attribute the reduction of foreign taxes first to percentage depletion on foreign production and then to the foreign tax credit because of the way taxes are computed. In fact, these two items are closely tied to each other in their impact on United States taxation of foreign oil income, and the removal of either provision without removing the other as well will have only a limited impact on the taxation of foreign income.

This interrelationship can be illustrated on a simple per barrel example. Assume that a barrel of foreign oil is sold for $10. Assume that the foreign production taxes are $7, the actual cost of production 50¢ and the profit $2.50. Using the approach taken in Table 2, the $2.50 profit would be the base for computing the effective tax rate and the proper tax at the statutory rate would be $1.20 (48% of $2.50). If it is assumed that depletable costs have been recovered and the intangible drilling cost deduction is ignored, the tax would actually be figured this way:

Selling price	$10.00
Minus cost	.50
Minus percentage depletion (22 percent of $10)	2.20
Equals foreign taxable income	7.30
U.S. tax due at 48 percent	3.50

Since the $7 actually paid in taxes exceeds the $3.50, no tax will be paid to the United States. A table showing how the special tax provisions reduced the effective tax rate (from 48% to zero) would first show that percentage depletion was worth $1.06 (reducing the tax from $1.20 to $.14 or from 48% to 6%). It would show that the foreign tax credit was worth only $.14, or six percentage points. But the heavy tax impact of the depletion allowance, as compared to the foreign tax credit, occurs only because the depletion allowance deductions are computed first.

Thus, it has been argued that if percentage depletion on foreign production were repealed there would be very litte revenue gain. This can also be illustrated, using the same example. The selling price of $10.00 minus the $.50 of production cost leaves a taxable income of $9.50 and a tax liablity of $4.56. However, this tax liability will be completely offset by the creditable foreign tax of $7. Thus, repealing percentage depletion would have no effect on tax liability in this case.

Similarly, if the tax credit was eliminated but percentage depletion at the posted price retained, only a small tax liability would result in our illustration: from the selling price of $10 allowable deductions would include $2.20 for depletion, $.50 for production costs and $7 for production taxes (now considered as such rather than as income taxes), leaving a taxable income of 30 cents and a tax liability of 14 cents.

If the tax law was changed to require that such production taxes be treated as royalties and thus not be eligible for percentage depletion or the foreign tax credit, while retaining percentage depletion in general, an increased tax liability would result. Again turning to our illustration, percentage depletion would be figured on the $10 selling price minus the $7 royalty and the depletion deduction would be 22% of $3.00 or $.66. In this case the tax would be figured as follows: from the selling price of $10 allowable deductions would include $.50 for production costs, $.66 for depletion and $7.00 for royalties, resulting in a taxable income of $1.84 and a tax of $.88. The treatment of foreign taxes in this manner results in a much greater impact on overall tax liability than that of depletion and this approach may more appropriately reflect the impact of the present treatment of foreign taxes on the effective tax rate. However, there is no way to determine this impact from the tax data.

Only if both percentage depletion and the ability to credit foreign taxes were removed would the actual $2.50 profit in this example be taxed at the statutory rate.

IMPACT OF CERTAIN TAX PROVISIONS

Depletion

Table 3 compares the depletion claimed by the entire oil industry to that claimed by the seven oil companies studied. These data indicate that the seven oil companies account for about 60% of the total depletion deductions claimed in the oil industry in the years for which such comparative data were available. The three companies with the largest deductions account for over one-third of the total depletion deductions claimed.

Table 3 only compares total depletion deductions and does not indicate the value of the excess of percentage over cost depletion which is the actual subsidy value of percentage depletion. The last Internal Revenue Service survey of depletion[5] taken indicates that percentage depletion is about sixteen times cost (or that cost depletion is about 6% of total depletion deductions). However, one might expect that this factor would be relatively lower for large international oil companies who are likely to have older, higher production wells, particularly in the case of foreign production. Smaller companies may be more involved in risky, high cost wells. The data of the seven oil companies indicate that while the percentage varies by company and year, on the average, cost depletion is slightly over 3% of total depletion deductions. This suggests that the actual percentage share of the benefits of depletion deductions, as reflected in Table 3, are somewhat understated.

[4] Most of these items are found on a list prepared by the staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation, "Estimates of Federal Tax Expenditures," Committee on Ways and Means, June 1, 1973.

[5] Internal Revenue Service, Statistics of Income, 1960, Depletion Allowances.

TABLE 3.—DEPLETION DEDUCTIONS CLAIMED

[Money amounts in thousands of dollars]

	1968	1969	1970	1971	1972
7-company aggregate	$2,187,567	$2,144,858	$1,968,912	$2,298,866	$2,390,723
Oil industry	$3,559,942	$3,716,761	$3,461,248	$4,016,494	NA
7-company aggregate as a percent of total oil industry	61.45	57.71	56.88	57.23	NA

Foreign tax credit

The foreign tax credit is a general provision available to all industries. Table 4 indicates the tax savings to the seven oil companies resulting from the foreign tax credit and compares them to overall savings for 1968 and 1971 for both the oil industry and all corporations. (Only 1968 and 1971 statistics are available for the oil industry and all corporations.) This table indicates that the seven companies accounted for 50% of the tax savings of the oil industry in 1968 and 40% in 1971. They accounted for about 15% of the total foreign tax credit savings for all United States corporations in both years.

TABLE 4.—VALUE OF THE FOREIGN TAX CREDIT [1]

[Money amounts in millions of dollars]

	1968	1971
7-company aggregate	$230	$332
Oil industry	$468	[2] $829
All corporations	$1,463	[2] $2,156
7-company aggregate as a percent of the oil industry	49.15	40.05
7-company aggregate as a percent of all corporations	15.72	15.40

[1] This estimate does not include the revenue loss from the exemption for gross-up for less developed country corporations. The Treasury Department estimated this loss to be $55,000,000 for 1968 and $75,000,000 for 1971. (Estimates of Federal tax expenditures, Committee on Ways and Means. Prepared by the staffs of the Treasury Department and Joint Committee on Internal Revenue Taxation, June 1, 1973.) Most of this cost would be expected to derive from corporations other than oil and gas corporations.

[2] Estimated. (Source: Energy taxation: possible modifications in the tax treatment of foreign oil and gas income. Prepared by the staff of the Joint Committee on Internal Revenue Taxation, Feb. 24, 1974.)

The estimated value of the credit for the entire oil industry rose faster than that of all corporations and also that of the seven companies. It is difficult to explain this trend unless more oil companies other than the seven companies studied are expanding foreign operations, and particularly into non-oil operations. One would generally expect the trend for foreign oil operations to be a declining value for the tax credit since the companies are already subject to foreign production taxes higher than the United States rate (which makes the value of deducting the taxes greater in relation to the foreign tax credits taken).

Two general factors should be noted in regard to this table. First, although there is a substantial case for viewing the foreign tax credit as a subsidy in the case of oil companies, it is substantially less in the case of other industries. The production taxes are more clearly in the nature of unit taxes rather than income taxes and are paid regardless of profits. As unit taxes they would be passed on in the price of oil. Other foreign taxes (such as those paid in Western Europe) are more clearly in the nature of income taxes.

Secondly, as noted earlier, the nature of income tax reporting understates the actual impact of the foreign tax credit.

Another question which arises in examining the foreign tax credit is to what extent the companies use the per country versus the overall limitation. The per country limitation limits the credit for taxes paid in each country to the amount of the United States tax which would be paid on taxable income from that country. The overall limitation limits the credit for taxes paid in all foreign jurisdictions to the United States tax which would be paid on taxable income in all foreign jurisdictions.

Each limitation has its advantage. If a company has losses in one jurisdiction and profits in another (as measured by United States tax law) then the per country limitation is advantageous, since the losses in one country would reduce taxable income in the other country if an overall limitation were applied. With a per country limitation, this does not occur and furthermore the losses (if the foreign operation is a branch) reduce United States taxable income and United States taxes.

However, there are also advantages, in certain situations, in electing the overall limit. If a company operates in one country which has a tax rate lower than the effective United States rate and in another country which has a tax rate higher than the effective rates, the overall limitation permits the use of excess credits generated in the high tax country to offset United States taxes on taxable income from the low tax country.

The relative advantages of these two limitations can be illustrated with examples.

(1) *Advantage of the per country limitation.*—Assume that a company operates in country A and incurs a $5,000 loss and in country B where it has a $10,000 taxable profit. Assume the rate of taxation is the same as the United States (48%) and $4,800 of tax were paid to country B. If the overall limitation were used, foreign taxable income would be $5,000 (the $10,000 income minus the $5,000 loss) and the limit on the foreign tax credit would be 48% of $5,000 or $2,400. However, if the per country limitation were used there would be no credit for country A (and no taxes paid). However, the limit for country B would be 48% of $10,000 or $4,800. In addition, the $5,000 loss in country A does reduce total taxable income for the company.

(2) *Advantage of the overall limitation.*—Assume that a company operates in country A and country B, having $10,000 of taxable income in each. Assume, however, that country A's taxes were $3,000 and country B's were $6,000. If the per country limitation were used the full $3,000 in country A could be credited, but only $4,800 in country B could be credited for a total of $7,800. If the overall limitation were used total taxable foreign income would be $20,000, the limitation 48% of $20,000 or $9,600 and the full $9,000 of taxes would be credited.

The advantages of the overall limitation and the use of excess tax credits generated from oil production to offset taxes in low tax jurisdictions have received much publicity. However, a report of the Ways and Means Committee [6] suggests that the benefits of the per country limitation are more important for oil companies than the benefits of the overall limitation. The elections of the seven large companies support this view. Out of the seven companies, five used the per country limitation consistently and one used the overall limitation consistently. One company used the per country in 1968 and 1969 and the overall from 1970–72. Three of the companies (using the per country limitation) did have some indications of losses.

These data suggest that the examination of the use of the foreign tax credit should be focused on the use of foreign losses generated in part by the use of the intangible drilling deduction to offset domestic taxable income rather than the use of excess credits to offset United States income taxes on foreign non-oil income. This is the focus adopted by the Oil and Gas Energy Tax Act which would repeal the per country limitation for oil companies and provide recapture of foreign losses. In addition, it suggests that the action taken in the Tax Reform Act of 1969 which limits the use of excess foreign tax credits generated through the percentage depletion allowance to offset taxes on non-mineral income has had little impact.

WESTERN HEMISPHERE TRADE CORPORATION'S DEDUCTION

The creation of a Western Hemisphere Trade Corporation (WHTC) permits a special deduction allowed for United States companies operating primarily in the Western Hemisphere (outside the United States). Although major oil companies operate outside the Western Hemisphere, they can set up domestic subsidiaries which are WHTC's and which are eligible for the deduction. The deduction has the effect of reducing the income tax rate by 14 percentage points (from 48% to 34%).

It has been argued that this provision primarily benefits a few large companies, particularly those in the extractive and sales industries and that most other corporations prefer to take advantage of deferral by seting up a foreign subsidiary. The reason that the WHTC provision is attractive in the extractive industries is that percentage depletion is available which would not be the case for its foreign subsidiary. The foreign tax credit is applicable in both cases.

Table 5 compares the WHTC deductions taken by the seven oil companies to those taken by the oil industry and those taken by all corporations. These data indicate that in 1968–1970, the latest years available for comparative purposes, these seven companies accounted for approximately 90% of the WHTC deductions taken by the oil industry and about a third of the total WHTC deductions taken. Furthermore, even among the seven companies, the WHTC deduction is heavily concentrated. For example, the three corporations with the largest WHTC deductions account for about 90% of the seven company total, generally over 80% of the oil industry total and almost one-third of the total for all corporations.

These data support the argument that, in the case of the oil industry at least, the benefits of the WHTC deduction are concentrated in a few companies.

TABLE 5.—WESTERN HEMISPHERE TRADE CORPORATION DEDUCTIONS

[Money amounts in thousands of dollars]

	1968	1969	1970	1971	1972
Aggregate	$129,809	$92,938	$111,080	$155,936	$130,446
Total oil industry [1]	$139,883	$107,679	$122,850	NA	NA
Total all corporations [1]	$390,710	$331,030	$288,959	NA	NA
Aggregate as percent of oil industry	92.80	86.31	90.42	NA	NA
Aggregate as percent of total	33.32	28.08	38.44	NA	NA

[1] From Statistics of Income, Corporation Income Tax Returns

The minimum tax on preference income was added as part of the Tax Reform Act of 1969. The minimum tax is imposed at a 10% rate on certain items such as untaxed capital gain, certain accelerated depreciation, stock options and the excess of percentage depletion deductions over the cost basis of the property. From the total of these preference items the taxpayer can deduct regular income taxes paid plus $30,000.

Table 6 illustrates the impact of the minimum tax on the seven companies and compares it with the impact on the oil industry, primary metals industries, manufacturing industries other than oil and, finally, with all corporations. The data clearly illustrate that the minimum tax has had a much greater impact on the oil industry than on other industries. The table shows that for 1971 the minimum tax, designed to subject previously tax free items to at least some tax, had a significant impact on the seven companies (increased their tax liability by 26.94%) and on the oil industry (increased tax liability by 28.24%) while having little effect overall on all United States corporations (increased tax liability by less than 1%).

[6] House Committee on Ways and Means, Report No. 93–1028, the Oil and Gas Energy Tax Act of 1974, May 4, 1974.

TABLE 6

MINIMUM TAX

[Money amounts in thousands of dollars]

	1970		1971		1972	
	Regular	Minimum	Regular	Minimum	Regular	Minimum
Aggregate	$385,644	$89,326	$368,677	$99,217	$347,502	$103,483
Oil industry [1]	536,751	154,396	536,286	151,425	NA	NA
All corporations [1]	27,612,829	265,249	29,564,351	265,114	NA	NA
Primary metals [1]	397,725	16,483	328,916	16,124	NA	NA
Manufacturing [1] (excluding oil)	12,603,230	40,695	14,086,478	38,968	NA	NA

PERCENTAGE INCREASE IN TAX LIABILITY DUE TO MINIMUM TAX

	1970	1971
7-company aggregate	63.59	26.94
Oil industry	28.76	28.24
All corporations	.96	.90
Primary metals	4.14	4.90
Manufacturing (excluding oil)	.32	.28

[1] Statistics of Income, Corporation Income Tax Returns.

There has been some suggestion that the minimum tax had a lesser impact on larger companies which were more likely to generate regular taxable income which would shield excess depletion from the minimum tax. Initially, the data supports such an argument. If we exclude the seven large companies from the oil industry aggregate, the minimum tax increased taxes of other companies by 43.1% in 1970 and 31.1% in 1971 while it increased the taxes of the seven company aggregate by 23.2% and 26.9% respectively. However, the companies themselves show substantial variations as to relative size of the minimum tax as compared to regular taxes. These data suggest that while the minimum tax has differential impacts on different companies, this differential does not appear to be related to company size.

Mr. STEVENS. Mr. President, I wish to make clear my position. That is, I do not oppose a change in the depletion allowance. I do oppose a change in this bill without having given adequate consideration to the testimony. I think our State officials should be able to come down here and testify before the Committee on Finance and present our side of this concept and what would be required, in the opinion of our people who are monitoring our development, in terms of the type of incentives that are necessary to develop our potential. This is some 70 billion barrels of oil and some 440 trillion cubic feet of gas we are talking about.

I do not see any reason, again, in connection with this bill, to make those judgments. I hope that the Senate will give us the opportunity to appear before the committee that has jurisdiction over this to present the testimony of the experts involved and to have the Committee on Finance make a reasonable judgment as to what type of incentive is necessary to develop the Alaska oil and gas potential.

Mr. HANSEN. Will the Senator yield?

Mr. STEVENS. I am happy to yield.

Mr. HANSEN. Mr. President, I am very much impressed with the point that the Senator from Alaska has made. I know I am one of those members on the Committee on Finance who was hopeful that we could keep this bill a so-called clean bill in order not to legislate, in an area that is as important as this is to the United States, with as few facts before us as I am fearful we have at the present time.

I think when people get up and make speeches and talk about taxes paid, talk about windfall profits, talk about the contribution that comes from the minerals developed in this country as compared with those that come from abroad, most of us recall headlines that we have seen in the press. We recall exposés we have seen on the electronic media, all of which inflame the typical American to believe that anybody in the oil business is wearing a black hat, that this is an industry that has no concern for America, that it serves this Nation poorly, and that we would be better off—and I repeat that, Mr. President. The average American, I am afraid, has the impression that we would be better off, whatever we do to the international oil companies. If we put them out of business, we are going to be better off, because somehow—somehow—it is awfully easy to infer, as we recall news stories, to assume that the whole trouble arises because American dollars and American technology and know-how have gone abroad and have been invested throughout the world and now we are reaping the whirlwind because the OPEC countries, that have been developed with, largely, American dollars and American know-how and American technology and American expertise, are the very countries that are threatening to embargo again. They had one a year ago.

The fact is that if we could have kept this bill clean and returned to the economy what was intended by the President's message itself—I just talked not too long ago with an administration official who said—it was Frank Zarb, as a matter of fact—who said he hoped very much that we would not get into the very area that we are now in, because he knows better than most that it is awfully easy to make some wrong decisions.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. STEVENS. Mr. President, do I still have the floor?

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

Mr. STEVENS. I urge my friend from Wyoming to ask me the question so I shall not lose my right to the floor. I do have some further remarks.

Mr. President, I ask unanimous consent to yield to the Senator from Wyoming for a statement without losing my right to the floor.

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

Mr. HANSEN. I thank my colleague from Alaska.

The fact is that what has been done by international oil companies has not been hurtful to this country, it has been very helpful.

The fact is that all of the developed nations and the developing nations in the world are energy intensive. We are all in the same business together. We all need energy. On the farms and ranches of America, for every hour of work that is put in on a ranch or a farm in this country by a farmhand, we burn 1.2 gallons of fuel.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point for a question?

Mr. HANSEN. I must say that I am speaking on the permission of the Senator from Alaska. As soon as I finish my statement, I will return the floor to the Senator from Alaska, and he can do whatever he chooses about yielding, but I have no right to yield.

Mr. President, the fact is that we find a lot of oil around the world, and the best way we can diminish the clout that the OPEC countries have now, the best way we can put a shorter lever in the hands of the oil exporting nations, is to find more oil around the world. The depletion allowance is important, and there are a lot of taxes paid. Let me state the figures for just one company alone, Texaco.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HANSEN. In 1974, 38 percent of the total net earnings of Texaco came from Western Hemisphere operations—a total of $595 million. On the other hand, 62 percent of Texaco's total earnings came from Eastern Hemisphere operations. Thirty-eight percent to 62 percent; 62 percent coming from abroad.

And how did Texaco use that money? Texaco invested, in the United States, 71 percent of its total investment. So I say we are fortunate that that company, which I think is typical of most of these companies, was earning money abroad and bringing its Eurodollars and its petrodollars back to the United States and investing them in exploration and production and refinery activities in the United States.

I think it also ought to be kept in mind that it would not be difficult at all to put the domestic industry out of business, and it is awfully easy, when you look at charts such as those that are displayed behind us now, to assume that these people are getting by. The question was asked of the Senator from Alaska by the Senator from Nebraska, "What would happen if the depletion allowance were repealed?"

I can answer the Senator from Nebraska by saying, as a member of the Finance Committee and a member of the Committee on Interior and Insular Affairs, that I have heard no expert, I have heard no one say anything except that

the money that is available through the depletion allowance does precisely what the Senator from Alaska says it would do: It makes it possible to sell products cheaper here than would otherwise be the case.

If we want to raise the prices, if we want to make it possible for the domestic industry, or the independents, if you please, and whoever else may be included, to survive—and that includes many of the major companies, because in 1974 alone there was $850 million spent for one lease bloc by oil companies drilling in the Gulf of Mexico. Do you know what they found? They found 10 dry holes. They spent $850 million for a hunting license. That was major company money, just as the Senator from Alaska says we must depend upon the majors to bring the oil out of Alaska.

I think, Mr. President, what I would like to say by way of conclusion—and I appreciate the courtesy of the Senator from Alaska in yielding to me—is that we would be in far better shape to come up with reasonable changes in the tax laws, having in mind the desperate need that our country now knows from firsthand experience for energy, and not to try to legislate as we are attempting to do here on the floor now. We do not know what we are talking about. Most people do not want to be confused with the facts; they remember the headlines, they remember the horror stories of windfall and obscene profits, and they know what the answers are before they have really heard the questions.

I share the feeling of the Senator from Alaska that we would be far better off in this instance if we could report out a clean bill, and then let the distinguished chairman of the Senate Finance Committee consider holding hearings, on tax reform legislation.

I thank my colleague from Alaska for yielding.

Mr. STEVENS. Mr. President, I would like to ask the Senator from Texas a question. Is his amendment pending?

Mr. BENTSEN. I beg the Senator's pardon. I did not hear him.

Mr. STEVENS. Am I correct that the amendment of the Senator from Texas is pending?

Mr. BENTSEN. Yes; that is correct. I thought I had made about four concluding speeches on it.

Mr. STEVENS. Yes. I would like to inquire, in view of the fact that the Senator's amendment deals with independents, and there are no independents that I know of drilling wells in Alaska, whether he would consider exempting Alaska entirely from this repeal of the depletion allowance, and see what happens in Alaska as compared with what happens in the rest of the country, where he would do away with it.

[Laughter.]

I am not being facetious. I am inquiring. I have an amendment that would do that.

Mr. BENTSEN. No, I would not be willing to do that.

Mr. STEVENS. If the Senator really thinks this amendment that changes the depletion allowance in four-fifths of the country would make any difference, let us change the rules in the South 48; let us do away with it down there, or leave it with the Bentsen amendment, with a small exception for the independents, and leave the situation in the frontier country the way it has been.

Mr. BENTSEN. I must say to the distinguished Senator from Alaska that I would not agree to that. I believe that the major oil companies can do all right and get along without the depletion allowance, as I stated earlier, in that they will be able to drill their exploratory wells and will be able to pass those costs on down to their refineries and their retail outlets.

I would like to see my amendment come to a vote, if I can, this evening.

Mr. STEVENS. Mr. President, I am not going to debate this matter further. We will see what happens. At a later date, it may well be that there will be some extended debate about this bill. But I just cannot understand why, while we are trying to help the small taxpayer, rebate his taxes from last year, give him a break on next year, we ought to be involved in something as complicated as the depletion allowance.

I will save my amendment for a later time, and we will see what happens to the amendment of the Senator from Texas.

Mr. BENTSEN. May I suggest that the Senator might consider withdrawing his amendment, in the light of the fact that it was defeated in the House of Representatives by 81 votes to 329 votes?

Mr. STEVENS. Mr. President, that reference to the vote in the other body does not increase the desire of the Senator from Alaska to concede to the desire of the Senator from Texas. I would say that in view of what happened in the House of Representatives today, that is not surprising.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, we almost reached a vote on this matter about 45 minutes ago. As a matter of fact, the rollcall was started and the Senator from South Dakota answered to his name, but before that happened, the Senator from Nebraska was on his feet and, of course, was recognized.

I wonder if it would be possible to arrive at a time certain to vote on the pending amendment tonight.

Mr. DOLE. Right now.

Mr. MANSFIELD. Well, give them a little time.

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

Mr. MANSFIELD. Let me make a unanimous-consent request first.

I ask unanimous consent that the vote on the pending amendment occur at the hour of 8 o'clock.

Mr. CURTIS. Mr. President, reserving the right to object, I would like to suggest that inasmuch as these two broad, sweeping amendments have not even been printed, we temporarily set them aside and proceed with some of the other amendments to the bill, so that it does not constitute a delay, and that we look at these amendments overnight.

I believe that the Senator from Alaska is not speaking for Alaska but he is speaking for the United States. I think the Alaskan oil production is the one bright spot that could well preserve this country in time of crisis.

I did not want to make a speech on my reservation, but I would hope we could take a look at these overnight and go ahead with some of these other amendments.

Mr. MANSFIELD. May I say the Senator from Texas is speaking for the small producers in this country, and what I would like to see is something done to give them some assurances. We have had a lot of debate on this. Why not vote on it tonight and consider the question of Alaska and its effect on the United States tomorrow.

Mr. STEVENS. Mr. President, will the majority leader yield?

Mr. MANSFIELD. Yes.

Mr. STEVENS. This is a form of amendment that forestalls my amendment tomorrow.

Mr. MANSFIELD. I do not think so. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. Would the Senator from Alaska repeat his statement, please?

Mr. STEVENS. I was prepared to offer an amendment to the Bentsen amendment which, as I understand it, would be the place to put the first amendment I was considering offering, and it was my understanding that that could not be offered after the amendment of the Senator from Texas has been voted upon.

Mr. MANSFIELD. Mr. President, will the Chair rule on that?

Mr. ALLEN. Reserving the right to object, and I shall not object, I would like to be accorded 5 minutes prior to the vote.

Mr. MANSFIELD. If we can get a time limitation.

I want to ask the Chair to make a ruling on a question raised by the distinguished Senator from Alaska.

The PRESIDING OFFICER. If the amendment of the Senator from Texas is agreed to, it would not be amendable except by unanimous consent.

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

Mr. MANSFIELD. I yield.

Mr. LONG. Mr. President, might I suggest to the distinguished majority leader that he explore the possibility of seeing if we could discuss the other tax matters and, perhaps, we could gain unanimous consent to handle everything except depletion, and save everybody the situation that we have at this moment, and go back to this after we have had a chance to work on some of the other things, because here is what I think is going to happen: We will vote on the Bentsen amendment, and however that goes we will then vote on the Hollings amendment; and then, however that goes, we will vote on the Cranston amendment as amended or not amended, and then somebody else is going to have a bright idea, and then we are back debating oil depletion again.

About the time we vote on two or three other committee amendments, somebody happens to have another bright idea on oil depletion, and we are back debating oil depletion, and every time we think we have something, we are on

oil depletion, and that could go on until next January, and I would hope if we could take care of some of the other things not so controversial to the bill, and reserving everybody's rights—the Senator has filed a cloture motion, and that is fine, great. We will vote on it 2 days from now. But meanwhile get on with some of the other things, because I do not think the contending sides are going to be satisfied no matter what happens. Whoever is the winner is going to try to improve his situation, and whoever is the loser is going to try to improve his situation.

As long as the bill is here, why not settle some of the other things.

I would like to ask the majority leader to ask consent that we simply—reserving everybody in his right—proceed to consider some of the amendments that can be agreed to.

Mr. BENTSEN. Mr. President, this is really no different from what was voted on earlier this evening. We had an amendment by the distinguished Senator from South Carolina calling for a 1,000-barrel exemption. We had thoroughly debated that issue, and we decided it was time to vote on that issue, and we did.

Then we turned around and had actually started a rollcall on my amendment when we realized that the distinguished Senator from Nebraska had been standing seeking recognition. So we have debated this one at length. We debated it when we were debating the amendment of the Senator from South Carolina, and then we debated it subsequently, and I really think we have discussed it at length. We have discussed it in the Committee on Finance. We have discussed it in the Energy Subcommittee as recently as yesterday.

Mr. MANSFIELD. Mr. President, if I may be heard, what the House bill has done is abolish the depletion allowance for the oil and gas industry while it retains it for almost every other mineral-extractive industry, for coal, for sand, for gravel, for copper, aluminum clays, for clams, 108 items which are covered by the depletion allowance. We are now talking about one—petroleum—which is the most important of all energy items at this time.

If the depletion allowance has served as an incentive for other extractive industries, why should it be removed in the area of petroleum and gas internally, domestically, independently, where they are needed the most?

Where do you think your oil is coming from, Alaska? A part, yes. But we have considerable reserves in this country if we will only give the independent producer a break, and that is what the Senator from Texas (Mr. BENTSEN) is trying to do.

I think the depletion allowance should be eliminated for overseas investments. You can call it what you want, tax breaks, and the like, but they amount to the same thing.

As far as the independents are concerned, if we do not give them a break, we are going to have to face up to higher oil prices, Alaska or no. We are in short supply in domestic production of oil, and that supply will diminish in the years ahead and, as it diminishes, our prices are going to rise.

You can talk all you want to about oil and gas, but you cannot gainsay the fact that we are in short supply, that there is a limit to what we can produce; and that, as our supply diminishes, our prices are going to go up.

So I would hope that the independent producers of this country would be given encouragement through depletion allowances or, mark my words, their number will decrease from 20,000, as stated by the Senator from Louisiana (Mr. LONG) to 10,000 today, to 5,000, 3,000, 2,000, and 1,000.

I wonder how many people here realize that as far as the independents are concerned that 1 out of every 10 wells that they bring in produces and produces on a small scale. We do not have many more Alaskas to look forward to.

We have not got a great deal to expect from the Atlantic offshore developments which the Supreme Court on yesterday said is the responsibility of the Federal Government. I think that somebody has to speak for the independent producer, and I think the distinguished Senator from Texas is doing so at this time.

Foreign governments are being paid more for oil than we are paying to our own domestic producers unless it happens to be new oil.

The House bill estimates a saving of $2.5 billion in taxes associated with the phaseout of the depletion allowance. But, at the same time, that bill proposes a $5.07 billion tax break for other businesses in the form of investment credit.

I have indicated that 108 items are under the depletion allowance aspect of the tax schedule, and it is my understanding, to reiterate, that 80 percent of the exploratory drilling in the United States is done by 10,000 speculative independents. These are facts, I think, we ought to think about.

In 25 to 40 years the oil is all going to be gone, and the gas with it. The Senator from Texas (Mr. BENTSEN), is trying to do something to protect some of our own people who take chances, who speculate, who lose more often than they win.

Let us talk about the major oil producers on their own and at a more appropriate time. I would hope it would be possible to vote on the Bentsen amendment tonight. But if there is going to be too much talking we will just have to think it over or take it up tomorrow or another day.

UNANIMOUS-CONSENT AGREEMENT TO VOTE ON THE BENTSEN AMENDMENT AT 8 O'CLOCK TONIGHT

Mr. MANSFIELD. Now, Mr. President, I ask unanimous consent that the vote on the pending amendment occur at the hour of 8:30—that the time be under the control of the Senator from Louisiana—let me change that to 8 o'clock—and the Senator from Texas (Mr. BENTSEN), and that 5 minutes of that time be allocated to the Senator from Alabama—3 minutes.

Mr. HOLLINGS. Three minutes.

Mr. MANSFIELD. Three minutes to the Senator from South Carolina.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Reserving the right to object, I would like to ask unanimous consent that my amendment concerning the frontier areas of Alaska and offshore be in order without regard to the vote on the Bentsen amendment.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object. I want it to be in order.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. May I ask the question, is the Senator asking that the Senator may offer his amendment?

Mr. STEVENS. Tomorrow.

Mr. LONG. Offer it tomorrow.

Mr. STEVENS. Without regard to the vote on the Bentsen amendment.

The PRESIDING OFFICER. Without objection the Senator will be allowed to offer his amendment even if the Bentsen amendment is agreed to.

Is there objection to the request for the unanimous consent from the Senator from Montana?

Without objection, it is so ordered.

Who yields time?

Mr. HOLLINGS. Mr. President, could I have my 3 minutes?

Mr. BENTSEN. I am delighted to yield.

Mr. HOLLINGS. Mr. President, on the 3 minutes——

The PRESIDING OFFICER. The Senate will be in order. The Senate will be in order.

Mr. HOLLINGS. The Senator from Montana has referred to 100-some-odd minerals. None of those minerals has had a four-fold increase in price.

Generally speaking, we have a schedule and I ask unanimous consent to have it printed in the RECORD.

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

PERCENTAGE DEPLETION RATES FOR DOMESTIC MINERAL PRODUCTION

NOTE.—The depletion rates specified in the law are all subject to the limitation that the deduction cannot exceed 50% of the net income from each producing property or, in the case of hard minerals, operating unit.

22% Depletion Applies to these Minerals: Antimony, Anorthosite (to extent alumina and aluminum compounds extracted therefrom), Asbestos, Bauxite, Beryllium, Bismuth, Cadmium, Celestite, Chromite, *Clay (to extent alumina and aluminum compounds extracted therefrom).

Cobalt, Columbium, Corundum, Fluorspar, *Graphite, Hmenite, Kyanite, Laterite (to extent alumina and aluminum compounds extracted therefrom), Lead, Lithium, Manganese, Mercury.

Mica, Molybdenum, Nephelite Syenite (to extent aluminia and aluminum compounds extracted therefrom), Nickel, Oil and Natural Gas, Olivine, Platinum, Platinum Group Metals, Quartz Crystals (Radio Grade), Rutile.

*Slock-Steatie Talc, Sulphur, Tantalum, Thorium, Tin, Titanium, Tungsten, Uranium, Vanadium, Zinc, Zircon.

15% Depletion Applies to these Minerals: Copper, Gold, Iron Ore, Oil Shale, Silver.

14% Depletion Applies to these Minerals: Aplite, Barite, Bentonite, Borax, Calcium Carbonates, *Clay, Ball, *Clay, China, *Clay, Refractory, *Clay, Sagger, Diatomaceous Earth, Dolomite.

Feldspar, Fullers Earth, Garnet, Gilsonite,

Granite, *Graphite (Flake), Gypsum, Limestone, Magnesite, Magnesium Carbonates, Marble.

Metal Mines (not otherwise named), *Mollusk Shells (when used for chemical content), Phosphate Rock, Potash, Quartzite, Rock Asphalt, *Slate, Soapstone.

*Stone (dimension or ornamental), Talc, Thenardite, Tripoli, Trona, Vermiculite, Other minerals not covered elsewhere.

10% to these Minerals:

Brucite, Coal, Lignite, Perlite, Sodium Chloride, Wollastonite.

5% to these Minerals:

*Clay (used for drainage and roofing tile, flower pots, etc.), Gravel, *Mollusk Shells, Peat, Pumice, Sand.

Scoria, *Shale, *Stone, If from brine wells—Bromine, Calcium Chloride, Magnesium, Chloride.

7½% to these Minerals:

*Clay and Shale (used for sewer pipe or brick), *Clay, Shale, and Slate (used as lightweight aggregates).

*Note differing rates, depending on use or quality.

Mr. HOLLINGS. But all these, manganese chloride 10 percent, or 5 percent down to sodium, and all the rest of these minerals around 5 and 10 percent.

Specifically, this is the question, Mr. President, because the Senator from Indiana has tried to separate the matter of foreign depletion.

The PRESIDING OFFICER. Will the Senator withhold for a moment, there will be order in the Senate, please. Those who converse, go to the cloakroom, please, there will be order in the Senate.

Mr. HOLLINGS. Mr. President, they tried to get on now and say what it is, the choice between the Hollings or the Bentsen amendment will offer so much, but the Cranston amendment will give us so much more, inferring, of course, that the Senator from California is trying to really recoup something from the oil and gas industry.

Nothing could be more wrong, there is a subterfuge, nothing could be more ridiculous.

He takes that foreign tax credit as bait and while it amounts to about $2 billion that the Senator from Indiana, if he had been here, he only gets $400 million out of that. When it comes to having a jump and speak for the matter of profits, the oil industry itself agrees, and I am quoting from the Library of Congress given out last week, a report on the matter of profits:

To gain some perspective, the industry itself estimated an effective rate of domestic Federal income taxes on domestic profits of 22 percent in 1971, which was considered too high by some critics of their study.

The rate in America is 48 percent. The average industrial manufacturer is paying at the rate of 40 percent, oil amounts to 22 percent. We jump to the most recent figures we know of, of 1973, and Exxon paid 5.4 percent, Gulf 1.1 percent, Mobil 2.2 percent, Texaco, Senator from Wyoming (Mr. HANSEN), that was 1.6 percent, and Texaco in 1974 had its profits go from $1,292,400,000 after taxes to $1,588,400,000 with a 22-percent increase in its profit.

So, Mr. President, the question is not with people in unemployment lines, or applying for food stamps. It is again to subsidize a windfall profit. It is just arithmetic. Nine dollars a barrel, take the $3 billion from the 8.7, if we did away totally with oil depletion, as the House recommended, put 3 from the 8.7, 5.7 billion, they still make, Mr. Chairman of the Finance Committee, as compared to the 1.1, they have five times their profits in the last 2 years, including elimination of the oil depletion allowance.

Mr. LONG. Mr. President, I yield myself 1 minute.

Mr. President, here is a memo to which I might refer that was prepared by Senator GRAVEL, but it was for the committee when the hearing was conducted, with reference to the Senator's testimony when the Senator stated that same so-called study before the committee. The Senator should read this.

I will put it into the RECORD. If anybody was ever in error, the Senator is in error. I hope very much he will read it.

I ask unanimous consent that it appear in the RECORD immediately after this statement.

It is quite to the contrary. The Senator will find an analysis of the point he had to say and what the facts are, and then an analysis by the Committee on Finance. I say he is badly in error.

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

DATA UTILIZED BY SENATORS KENNEDY AND HOLLINGS IN THEIR TESTIMONY BEFORE THE FINANCE COMMITTEE URGING REPEAL OF THE OIL DEPLETION ALLOWANCE

This memo has been prepared in response to your request for an analysis of the information presented by Senators Kennedy and Hollings in support of their argument for the elimination of the depletion allowance. In their testimony Senators Kennedy and Hollings set forth a number of arguments both procedural and substantive for repealing the provision at the present time. The substantive argument for repeal boils down to an assertion that the present high prices for oil and the healthy profits within the industry make the allowance especially inequitable and unnecessary as an incentive for production. The statements of Senators Kennedy and Hollings say that the average effective tax rate within the oil industry is only about 6%. More specifically, the Kennedy/Hollings statement says:

"For large corporations, the tax rate specified in the Internal Revenue Code is 48%. But as the following table indicates, the average effective tax rate for some of America's largest oil companies is only about 5 or 6%:

Federal income tax rate paid by largest oil companies—1974

[Source: U.S. Oil Week Computations Based on Company Annual Reports and SEC Reports]

	Percent
Exxon	6.5
Texaco	1.7
Mobil	1.3
Socal	2.05
Std. Ind	10.2
Shell	21.6
Gulf	1.2
Arco	3.7
Phillips	12.9
Conoco	8.2
Sun	13.2
Union	6.4
Cities Svc	8.3
Getty	22.5
Marathon	7.5
Ashland	32.4
Std. Ohio	12.8
Ker-McGee	23.8
Amerada Hess	7.5
Average	5.99

"In the current state of high profits and low taxes, it is only crocodile tears that can legitimately be shed by the oil companies when the percentage depletion allowance passes from the scene."

The staff attempted to obtain a copy of the publication of U.S. Oil Week which is cited as the source of information for the above table. The Library of Congress received its last issue of U.S. Oil Week in 1970. A 1968 copy of the publication revealed that it is a newsletter published by the Observer Publishing Company, now located in Arlington, Virginia. The publication appears to be directed to a readership composed mainly of "small businessmen in petroleum marketing." Reached in Arlington, a spokesman for U.S. Oil Week stated that the information relied upon by Senators Kennedy and Hollings was probably "taken from our June 1974 issue which is based mainly on 10K forms filed by major companies with the SEC." The staff is attempting to obtain a copy of the June 1974 issue. In any event, it is impossible that the June 1974 issue of Oil Week could contain the Federal Income Tax rate paid by oil companies for the entire year of 1974.

Whatever the reliability of the sources of information on the taxes paid by oil companies which was presented by Senators Kennedy and Hollings, the computations appear to be based upon a misleading and distorting technique of taking total worldwide income of major oil companies and comparing that figure with taxes paid only to the U.S. Federal Government. This would seem to be the only way to reach a conclusion that "the average effective tax rate for some of America's largest oil companies is only about 5% or 6%. This is a misleading comparison for two reasons: (1) It suggests that oil companies owe taxes to the U.S. on their worldwide income, no matter where it is earned or whether it has any reasonable connection with the country at all, and (2) this approach is misleading because it ignores taxes paid to State and local governments with the U.S. A much fairer way to measure the tax burden of oil companies is to compare total taxes (excluding excise taxes at the pump) against total income.

The staff of the Committee on Finance carried out a comprehensive study of oil companies' profits on domestic and foreign income which was published by the Committee in December 1974. Table 3 in the attached Committee print presents the overall effective taxes paid by 10 major companies to all governments, excluding consumer excise taxes paid at the pumps.

In addition, the January issue of Forbes magazine containing information of profitability in U.S. industries places oil company profitability ir its proper perspective by comparing oil company profits with those of other companies in other industries. For example, Texaco ranks 142nd and Exxon 155th when measured by their respective returns on equity. Exxon, whose five-year return on equity averages 16.3%, moved from 269th to 155th, while Texaco, whose five-year average return on equity is 16.6%, moved from 235th to 142nd. A Xerox copy of this article is also attached.

Finally, it should be pointed out that Senators Kennedy and Hollings in their joint statement are arguing for repeal of the depletion allowance for oil and gas. While it is true that the price of new oil has increased during the last two years, it should be noted that the price of natural gas has not undergone a price increase anywhere near equivalent to that of new oil. It would be a disaster to take away depletion from gas when the average wellhead price is still about 30¢ in the interstate market.

TABLE 3.—EFFECTIVE TAX RATES PAID BY 10 MAJOR OIL COMPANIES, 1964-73—INCLUDES ALL TAXES, OTHER THAN EXCISE TAXES, PAID TO FEDERAL, STATE, LOCAL, AND FOREIGN GOVERNMENTS

	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
Total:										
Exxon	78.1	79.8	76.9	77.8	76.3	75.5	76.5	76.4	76.4	74.9
Gulf	67.2	70.2	63.7	55.5	50.2	45.3	47.5	46.4	45.0	43.2
Mobil	62.4	63.2	63.9	57.1	55.4	54.1	49.6	48.5	49.1	47.8
Phillips	44.5	51.9	47.5	46.8	42.5	42.2	41.9	42.3	36.2	34.4
Shell	43.6	45.6	43.7	46.0	39.1	36.8	36.1	38.0	38.0	35.7
Standard of California	59.2	65.1	63.6	60.5	55.8	52.9	48.4	32.5	30.6	31.2
Standard of Indiana	46.6	43.0	40.9	41.1	39.7	42.0	40.9	39.8	44.5	39.1
Standard of Ohio	50.1	56.6	35.6	29.2	58.8	47.2	43.8	44.1	50.5	48.5
Sun	54.1	55.4	54.2	57.0	53.0	48.4	NA	NA	NA	NA
Texaco	74.3	75.3	70.5	66.8	66.6	63.0	61.9	NA	NA	NA
10-company average [2]	70.3			66.6			62.4			55.8
United States:										
Gulf	41.0	28.5	30.7	31.6	26.9	19.4	29.6	33.3	30.9	33.1
Mobil	41.5	38.9	45.9	44.1	38.9	34.7	39.7	39.4	42.7	43.3
Phillips [1]	50.0	48.6	52.8	50.5	45.3	45.8	45.1	43.1	38.7	39.9
Shell	44.0	45.7	44.0	46.1	38.3	35.2	35.8	36.9	36.5	34.5
Standard of California	49.2	44.8	45.6	44.6	34.9	36.3	36.5	37.5	34.6	36.8
Standard of Indiana	41.6	46.0	48.1	48.1	44.2	48.3	40.6	39.3	42.0	34.7
Standard of Ohio	48.5	56.2	31.0	26.6	59.4	46.7	43.0	43.0	50.4	47.8
Sun	50.5	47.7	47.5	48.3	42.0	37.7	NA	NA	NA	NA
Texaco	37.2	35.6	35.3	36.6	30.3	25.7	25.3	NA	NA	NA
Exxon	42.3	40.8	41.3	43.7	40.2	40.5	39.3	38.5	37.4	35.1
10-company average [2]	42.9			42.4			35.6			31.6
Foreign:										
Exxon	38.0	87.0	84.4	85.4	85.4	83.1	84.4	83.8	82.7	81.3
Gulf	72.1	88.0	79.1	73.2	69.6	67.0	67.9	53.8	63.4	56.8
Mobil	67.9	71.3	71.3	65.5	67.0	66.4	57.3	54.7	53.7	50.4
Phillips [3]										
Shell [4]										
Standard of California	61.4	71.2	69.3	67.4	66.0	61.7	55.6	26.2	25.2	23.5
Standard of Indiana [3]	61.3	22.1	10.1	4.8			57.7	95.7		
Standard of Ohio [4]										
Sun [3]	59.2	77.6	77.1	93.0			NA	NA	NA	NA
Texaco	80.5	84.6	80.5	79.3	79.4	81.6	80.4	NA	NA	NA
10-company average [2]	77.8			79.4			78.2			70

[1] The rates of profitability of taxes for Phillips were recalculated using the tax and income figures supplied by Phillips; however, Phillips points out that the income shown includes earnings of companies accounted for by the equity method, whereas the tax figures do not include taxes paid by such companies. Hence, the taxes are understated.

[2] This average includes total company income and total taxes paid by the companies; since Exxon accounts for almost half of the total taxes, the average tends to reflect Exxon's experience.

[3] These companies had losses on foreign operations in certain years not shown.

[4] Foreign operations of these companies are, or were, relatively insignificant, i..e, less than 5 percent of net assets.

Note: Data in this table were supplied by the 10 major oil companies in response to a questionnaire from the Senate Finance Committee asking for data from petroleum operations. Five of the companies reported profits on petroleum operations as requested, 5 companies reported total corporate profit data; 4 of the 5 companies reporting total profit data, Mobil, Gulf, Shell, and Standard of California, all indicated that the nonpetroleum portion of their business was relatively insignificant and its inclusion should not therefore create any distortions in the data.

Source: Responses from the 50 major oil companies listed above to a questionnaire from the Senate Finance Committee asking for the rate of profitability to taxes, other than excise taxes. The responses to this question showed net income, taxes (other than excise taxes), and the ratio between net income after tax and the sum of net income after taxes and taxes (other than excises) paid to Federal, State, and local governments and to foreign governments. The reciprocal of this ratio is the ratio between total taxes (other than excises), paid to Federal, State, and local governments and to foreign governments, and the sum of such taxes and after-tax net income i.e., the effective overall tax rate paid by the 10 companies to all governments. This reciprocal is shown above in the tables. Caution: This is not the effective tax rate paid to the U.S. Government.

Arguments against repeal of the depletion allowance in the absence of a comprehensive energy program can be made on substantive grounds, as well as simply refuting the misleading or inaccurate data that has been bandied about.

Senator Hollings made the following assertions which can be rebutted by the arguments which follow:

1. It (the depletion allowance) has not been effective as an incentive for exploratory drilling. In 1969, for example, the revenue loss from this deduction was $1.4 billion while only $150 million worth of oil reserves were discovered.

This argument is based on a 1968 CONSAD report which has been thoroughly discredited. The CONSAD study was, in fact, inappropriately conceived. Its basic mathematical model contained fundamental flaws. As described by an independent team of university economists in 1973, it was "a dry hole." The quoted cost-benefit conclusions of the study are of no use—if for no other reason than that it assumed that oil production would remain constant regardless of the level of price. As a matter of fact, the CONSAD study was never intended to determine how exploration and the total level of reserves would respond to changes in price. It was designed to determine how the optimum amount of reserves held in the ground would vary with price assuming a constant level of production. That exercise is quite similar to determining how the optimum level of inventories in a retail store would change if price were to change assuming a constant level of sales.

It is not correct that "careful economic studies have indicated unambiguously that percentage depletion is very ineffective relative to its large cost in stimulating exploration." On the contrary, economic studies other than the misformulated CONSAD endeavor have shown quite the opposite. One such effort showed that crude oil imports in 1971 would have been double the actual level in the absence of percentage depletion because petroleum reserves would have been 22.5 percent lower. Another careful study in 1969 showed that, in the long run, a 33 percent reduction in price would mean a 55 percent reduction in discoveries. Since the effective percentage depletion rate in excess of cost depletion was something over 15 percent after 1969, that study implied at least a 25 percent decrease in the level of reserves if percentage depletion had been eliminated ((55/33)x55=25).

2. Further, since depletion only applies to successful, producing wells, there is greater incentive to drill multiple wells in known fields than it is to take the one in ten risk of exploratory well drilling.

What is "overdrilling"? With higher prices (or price plus depletion), it may be economical to produce a reservoir faster, but that does not mean that oil will be wasted in the sense of diminishing total recovery from the field. When there is a shortage, obtaining oil sooner is certainly not undesirable so long as the producing rates do not damage the reservoir by exceeding the maximum efficient rates for the wells in the reservoir. This does not happen because the maximum efficient rate of production for each well is normally determined by state or Federal regulatory agencies based on the physical characteristics of the reservoir. To the extent that wasteful overdrilling and over-production of reservoirs may have occurred in the past, the basic cause was the "Rule of Capture." The oil beneath an individual's land could be legally drained off by any neighbor who could produce it from wells located on adjacent properties. It was diverse ownership of mineral properties and lack of effective unitization and conservation laws rather than percentage depletion that caused such over-drilling as may have occurred in past years.

Insofar as preference for drilling in existing fields is concerned, the fact that the industry has spent billions of dollars in the past few years in the hostile environment of the United States Arctic and offshore areas in the quest for new reserves belies the assertion that oil companies "prefer to spend money drilling in existing oil fields."

3. Additionally, the Treasury Department has estimated that 42% of the allowance goes to non-operating interests, such as royalty owners.

In the first place, 42 percent is not "most." Furthermore, over half of what CONSAD included in the 42 percent was the nominal depletion allowance on foreign oil. This was done despite the well-known fact that foreign depletion usually does not lead to a reduction in United States income taxes because the foreign tax rate is usually higher than the United States rate. Hence, the foreign tax credit offsets potential United States tax liability with or without depletion. (An important exception is in Canada, which also has a form of percentage depletion.) Anyone who has studied the question recognizes that virtually all of the benefit of the depletion allowance accrues to domestic operations. Quoting from the Report of the Committee on Ways and Means on H.R. 11462, the Oil and Gas Energy Tax Act of 1974: ". . . your

committee is aware that the limitation on the amount of creditable foreign taxes takes away most of the advantage of the deduction for foreign percentage depletion. . . ."

The royalty owners' share of the total amount of percentage depletion taken annually cannot be very great. The average royalty in the United States is about 15 percent of gross revenue. And perhaps 35 percent of that goes to governments (Federal, state, and local) which, of course, take no depletion. Thus, it would appear that about 10 percent of the annual percentage depletion allowance goes to landowners.

It is also inaccurate to contend that royalty owners have "nothing to do" with the exploration process. They contribute significantly to the finding and developing of new reserves by making available for exploration the land under which the reserves are located. Moreover, the royalty owners' capital values are reduced as the oil is produced from their land; and they are entitled to an appropriate allowance in recognition of this fact. Also, it must not be thought that the landowners who retain their mineral rights simply "sit back and collect royalties" and "take no risks." They could sell their mineral rights before exploratory drilling, but they elect to share in the risks of exploration by contributing the pre-exploration capital value of their mineral rights to the exploratory process. Hence, they are entitled to share in the success—if any—of the operation.

It was also contended that percentage depletion is dissipated to landowners in the form of lease bonus payments: "Landowners get depletion on their royalty income, and they also get higher prices for leasing their land, because the availability of depletion encourages producers to bid the value up."

The essence of this argument is that if percentage depletion were eliminated, lease bonuses would decline accordingly. And the loss of percentage depletion would, in effect, have been shifted back to landowners—not forward to consumers via higher prices.

4. The recent and substantial increases in oil prices provide a generous return on investment for oil producers and more than offset and profit allegedly lost by depletion repeal. Industry profits have risen 52% over last year. In 1973, oil was selling at $3.50 per barrel and depletion was worth $0.77 per barrel. Since oil is now selling at an average of $7.50 per barrel, producers have increased their per barrel profits by five times that depletion factor.

A misconception of the additive incentive effect of percentage depletion appeared continuously throughout the Senate debate. For example, one Senator cited Professor Otto Eckstein (of Harvard University), who contends that the depletion allowance is obsolete because the increased "market price of oil provides a far stronger incentive to the development of additional reserves than any tax incentive such as the depletion allowance could provide."

Arithmetically, it is quite true that a $7.50 increase in the price of new oil from $3.50 to $11 is a more powerful increase than deducting 77 cents (22 percent of the $3.50 price) from taxable income—$7.50 is always better than 77 cents. But, it is also true that eliminating percentage depletion on the $11 would have the same type of effect as reducing the higher price and hence reducing the effectiveness of the price increase. (The magnitude of the price increase required to offset loss of depletion is discussed in Section VIII below; for a taxpayer in a 48 percent marginal bracket, a $2.23 increase in the $11 price would be required to offset the loss of 22 percent depletion.) Moreover, a given price increase with percentage depletion is more effective than the same increase without depletion—since the company receives the percentage depletion allowance on the increase in price as well as on the base price. Conversely, it loses the depletion on the amount by which a price is reduced.

From the point of view of the producer, eliminating percentage depletion at any given level of price has the same type of effect as cutting the price. And that can only mean less petroleum exploration and development. As we have seen, more prospects become economically attractive with a higher price—especially those prospects in costly frontier areas such as the North Slope of Alaska, the deepwater offshore, and very deep geological horizons onshore. And fewer prospects are attractive with a lower price. Hence, a price plowback would mean less exploration (and less development). A reduction in percentage depletion would have the same sort of effect—unless there were a compensating price increase. Actually, a 22 percent reduction in price with depletion in effect would be somewhat more serious than the elimination of 22 percent depletion because the effect of the price reduction would be compounded by loss of part of the depletion formerly received.

In short, the incentive effect of percentage depletion in additive to the effect of price. At any given level of price, there will be more exploration with percentage depletion than without.

5. Former energy chief Simon recognized the unimportance of depletion to drilling incentives when he stated in a letter to the Senate Interior Committee that: "in the short run, changes in percentage depletion should have little effect on the rate of expenditure of discovery efforts. . . . in the long run, a change in depletion should have no effect, per se, on the rate of production."

One of the numerous rhetorical questions raised during the debate observed that if depletion were such a fine exploration incentive, why did exploration and the number of independent operators decline so sharply after 1956 "if this depletion allowance was so beneficial we would not be dependent on foreign sources. . . . the oil depletion allowance is not worth a lot because the oilmen have had it and they have gone out of business anyway."

This is said to be "the best argument for doing away with the oil depletion allowance." The fact is that without percentage depletion and import restrictions the domestic industry would have suffered substantially more than it did. And the impact of the recent Arab oil embargo would have been much worse.

We have seen that the sharpest decline in drilling was experienced when depletion was reduced in 1969. It is frequently overlooked that the political and policy climates affect investment. These climates must be ones in which all investors, large and small, have a reasonable degree of certainty that the ground rules regarding such basics as prices, taxation, and profits will not be altered drastically. The primary motivation for development of additional supplies for any commodity in free enterprise economies is the prospect of making reasonable profits on each new project. Without this prospect, there will be little or no competition because there will be little or no investment by firms of any size and little or no new entry into the industry.

Percentage depletion allowances have served the Nation well by encouraging widespread new investment and providing sources of funds for a large United States oil and gas industry made up of thousands of firms and individuals. However, starting with the 1950's the potential financial contribution of the depletion allowance has been partially offset through price controls. Prices and profits of oil were controlled indirectly to 1971 through jaw-boning and the controlled importation of low-priced oil. In addition, prices and profits of interstate natural gas sales have been controlled by the Federal Power Commission since 1954. In August 1971, the Federal Government started limiting prices and profits through direct controls have been removed from almost all other commodities, they still apply to oil and gas.

The value of depletion as an incentive was also questioned in view of the current decline in production in the face of higher prices and correspondingly higher amounts of percentage depletion "production in this country has actually dropped by 2 percent. One wonders, if higher prices automatically bring forth more production, where it is."

Rome wasn't built in a day. It will take several years for the effects of the current accelerating growth in exploration, development, and workover activity now under way to be reflected in production rates. Active rotary rigs in the first half of 1974 were up more than 25 percent over the number active in the first half of 1973. And, according to the Chase Bank, domestic petroleum capital expenditures by 30 companies in the first half of 1974 were up by 122 percent over the first half of 1973. Spending by these companies was at an annual rate of $13 billion, about the level of their worldwide profits.

Thus, the industry is clearly responding as quickly as it can to the prospect of improved after-tax profits through higher prices and continuation of the depletion allowance. Just as production in future years will reflect today's increased activity, production today reflects curtailed activity in the past. The recent sharp increase in activity should not mislead us however. It should be remembered that substantially greater levels of investment are necessary even if we are just to maintain the current ratio of domestic oil to imports. And we have seen that the industry's past investment rate must be increased several-fold to some $36 billion annually (in 1974 prices) to achieve a reasonable degree of energy independence.

6. Depletion allowance discourages production of cheaper, alternate energy sources. The tax benefits are based on the value of the minerals in the ground. Hence, a $7.00 barrel of crude oil gets the full benefit of the allowance, about $1.30, while a $7.50 barrel of oil made from coal only receives the benefit of the original coal cost, about 10 cents, and a BTU equivalent of energy based on solar technology would receive no depletion benefit.

This argument proceeds from a correct premise to an incorrect conclusion. In shale oil extraction, for example, percentage depletion is computed on the value of the "kerogen," that is, the raw oil-type material after it has been separated from the shale. Then, it is necessary to upgrade the kerogen by refining process to make it into a synthetic crude oil comparable to conventional crude oil from the well. Thus, percentage depletion applies to the full value of conventional crude but to only part of the value of the synthetic crude.

The easy way to solve this problem is to put the computation of allowable percentage depletion for shale at that point in the process where it becomes a synthetic crude oil comparable to conventional crude. In order to equate the incentives, it is not necessary to destroy the incentives on conventional crude oil—a move clearly counter to the national interest in achieving more domestic energy, conventional or otherwise.

Moreover, elimination of percentage depletion on conventional oil and gas would do nothing to improve the rate of return on alternative sources and, hence, to encourage accelerated development of those sources. Making one domestic energy source less attractive does not make another domestic source more attractive. It makes domestic sources, in total, less attractive relative to imports. Alternative sources have been slow to develop because their higher costs have required selling prices far in excess of the equivalent price of conventional crude oil or gas in order to generate an acceptable

rate of return. That rate of return would not rise because the rate of return on conventional oil and gas would fall with higher taxes on conventional sources.

Mr. HOLLINGS. Mr. President, I ask unanimous consent to have printed in the RECORD a response to that particular memo. We will put that into the RECORD.

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

MEMORANDUM ON MEMORANDUM TO SENATOR GRAVEL, PREPARED BY FINANCE COMMITTEE STAFF

The memo offers counter arguments to the Hollings-Kennedy fact sheet on depletion. It contains some incorrect statements and arguments. Since it appears that the memorandum was prepared for purposes of floor argument, the points presented in it are analyzed below, referring to the pages of the Gravel memo.

Page 2—Statistics from U.S. Oil Week. The chart that is reproduced on page 1 claims to be industry statistics for 1974, when they are for 1972. Statistics have also been supplied for 1973, with an average tax rate of 6.5%. The figures for 1974 are not yet available and the typographical error in the original statement was corrected but apparently overlooked by the Gravel memo.

Page 2—second para.—True that the above statistics are U.S. tax on worldwide income. The memo claims that the true data is worldwide tax on worldwide income. This is not true since the taxes paid by U.S. companies overseas are frequently clouded by what are really royalties paid to foreign governments for oil rights in the OPEC countries. The true measure is the U.S. rate on U.S. income, and those statistics are not available from industry surveys or from SEC 10K forms. The Finance Committee claims to have computed those rates on the chart on page 4, but note that (1) the data was supplied by the oil companies themselves, and are not official figures, (2) they include all taxes except excise, which would include property taxes, production taxes, export taxes and import duties. While it is impossible to break all that down accurately, the figures published by Standard Oil of Indiana (in the March 17, 1975, Chicago Tribune) offers a good example. Of the $1.1 billion paid in 1974 taxes, $321 million, or roughly a third, went into those miscellaneous taxes. Some light is shed on this by a study done by Price Waterhouse for the API and used by Frank Ikard to refute the claims of the Oil Week Study. It produced a figure of 21.8% as the effective domestic tax rate, but that included the deferred payments of tax assessed on previous year's income. When that was subtracted, the effective rate came down to 14.7%. It should also be noted that the Finance Committee figures include taxes paid on all their operations, not just on oil.

Page 3—the second paragraph has some statistics on profits and earnings which are quite misleading the way they are quoted. Exxon, for example, is claimed to be only 155th in ranking the return on equity. The next sentence does admit that Exxon jumped from 269th position to 155 in one year, which is a sizeable jump to begin with, but what makes that even more remarkable is the fact, omitted from the memo, that the ranking is based on five year averages, not on the one year's performance. Last year was such a good one for Exxon that it raised its five year average enough to move up 114 places. Last year's return on equity was 22.4% for Exxon. If you want the proper perspective that the Gravel memo claims, the Forbes chart on Industry Medians, Yardsticks of Management Performance, which sums up all the data of profit and returns lists by industry lists the energy (oil and gas and coal) as the most profitable (21.9%) over the last 12 months on return on equity. In two other measurements, it led all other industries in return on capital (15.5%) and ranked fourth in net profits. The 3 more profitable were drugs, utilities and natural gas, and telephones (two of them regulated). The total return on equity for all industry for 1974 was 14.2% Recent profit summaries for 1974 in the current issue of Business Week support the same conclusion.

ARGUMENTS

In the section following the chart, under argument No. 1:

1. The first section discredits the CONSAD study. While there have been many who questioned its statistics, the basic findings have not been successfully refuted. Nor have the "careful studies" cited been proved any better. Since they are not named it is not possible to evaluate them, but a 1973 study done by James C. Cox and Arthur W. Wright (both of the Economics Dept. at the Univ. of Mass.) reports that the mainstream of economic literature consist of a series of estimates in which, although their numerical findings differ, all three find evidence of substantial inefficiency. And finally, there is the Library of Congress Study recently submitted by Senators Hollings, Kennedy and Magnuson.

2. The second point is the very weak argument that punching wells in known fields is not bad because it gets the oil out sooner. That misses the point, because it doesn't address the real question of exploratory drilling and increasing known reserves. And it is that which the oil companies claim will stop if depletion is repealed.

3. The argument here takes issue with the Treasury estimate that 42% of the depletion goes to non-operating interests. It is true that foreign oil was included, but that still won't increase the U.S. reserves and is therefore correctly included as a non-operating interest in this context. Then follows a series of arguments on percents which seems to discuss how much of that 42% goes to different interests and where, without ever considering the basic argument that 42% of depletion is wasted. The argument is talking apples and oranges.

4. Point 4 discusses the market price of oil and the value of depletion now as compared to later and makes the common mistake of trying to estimate how much more of a price increase will be necessary to repay the oil companies for the loss of depletion. The main point is that we should not be trying to restore them to the point they are at now. They are making huge windfall profits by any fair measurement, and there is no reason we have to worry about maintaining them for the industry. We should be talking about the levels of profits and the prices of two years ago. There was ample profit at $3.50 pbl in 1973 and we should not worry about depriving them of some of the difference between that price and the current $7.50 pbl average.

5. Point 5 is a very weak argument about investment climates and free enterprise and states that Rome wasn't built in a day. If the oil companies had been financing Rome with a wasteful and inefficient subsidy like the depletion allowance, the city might never have been built.

6. Point 6 addresses the question of the competitive advantage of oil over other sources of energy as a result of depletion and suggests that we increase the tax breaks for others to make them equal. That will continue to encourage waste and force the taxpayer to subsidize the consumption of energy without a choice. It will also extend windfall profits to other industries and energy sources.

Mr. HOLLINGS. Do I have any of the 3 minutes left?

The PRESIDING OFFICER. The Senator has used his 3 minutes.

Mr. LONG. I yield additional time.

Mr. HOLLINGS. If the chairman yielded me 1 minute, we are back to the question of independents. Of the independents, Astral with 2,700 barrels production per day paid zero tax rate.

These are the independents that the majority leader was talking about.

Buttes, 5,500 barrels per day, zero taxes; Hamilton; Patrick, 2,100 barrels, zero taxes.

That is what we are talking about. They are not paying any tax rate at all at the present time.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Will the Senator from Louisiana yield me 2 minutes?

Mr. LONG. I will yield 3 minutes.

Mr. CRANSTON. I have heard the figure decline in my amendment as to what will be picked up by what I would do to foreign tax credits. The actual figure is not $400 million, but it is $630 million to be picked up in presently lost revenues which would more than pay for the amount of money that would be lost by the exemption of the independents from the oil depletion allowance. We will pick up the following——

Mr. HARTKE. Will the Senator yield?

Mr. CRANSTON. Let me finish.

Mr. HARTKE. Let us straighten out the facts.

Mr. CRANSTON. Excess credits pick up $460 million; the per-country limitation is eliminated, picking up $120 million. We will recapture $20 million by the provision for recapture of overall foreign losses, $20 million by eliminating DISC for energy exporters and by the investment credit being taken away by the drilling of rigs out of country $10 million, for a total of $630 million.

In regard to the amendment of the Senator from Texas, I would like to say things are going up. Where my amendment would provide only a 3,000 barrel a day exemption for independents, the Senator's amendment, in effect, would provide twice that for producers of oil and gas, for what amounts to 6,000 in terms of an additional equivalent to 3,000 barrels for natural gas, making a total of 6,000.

The one other feature of my amendment that is not in the Senator's amendment is the provision to prevent the depletion allowance from being used as a tax shelter for income earned in some other way by someone who gets the depletion allowance. I think we should eliminate the opportunity of anyone to earn vast sums and pay no taxes at all. The way my amendment is written, that would be the result.

For those reasons, I think my amendment is a better amendment than the amendment offered by the Senator from Texas.

Mr. BENTSEN. I yield 3 minutes to the Senator from Alabama.

Mr. ALLEN. Mr. President, there are three amendments before the Senate at this time. Inasmuch as votes on the amendments might appear inconsistent, I wanted to explain for the record my position with respect to the amendments.

I am going to vote for the Bentsen amendment, because it seeks to perfect the House language which the Cranston amendment seeks to strike out and have other words substituted therefor. So it is weighed against the House language which has no depletion allowance and, of course. is an improvement on the House language in that it does protect the independents.

If the amendment is adopted, it is not the final say with respect to the language which the Bentsen amendment puts in in lieu of the present House language. There will be an opportunity later to substitute language.

Then the issue would move to the weighing of the Hollings-Kennedy substitute for the Cranston motion to strike and substitute language.

I feel that the Cranston amendment is superior to the Hollings-Kennedy amendment and would vote against the Hollings-Kennedy substitute for the Cranston amendment.

Then we come to the Cranston amndment seeking to strike out the Bentsen language which had been approved. I feel that the Cranston language would be preferable to the Bentsen language and I would support the Cranston amendment if it ever comes to a vote.

Mr. BENTSEN. I would like to say, Mr. President, just for a moment, because the Senator commented on my amendment and the difference with his, that he failed to say, of course, that there was a plowback provision in mine and there is not in his. We are giving the depletion allowance, because we are trying to encourage exploration in this country. If we let them have that depletion allowance, let us see that they put it back in the ground. That is why I think we ought to support my amendment.

If the Senator is prepared to yield back the remainder of his time, I am prepared to yield.

Mr. DOLE. Will the Senator yield?

Mr. BENTSEN. I yield.

Mr. DOLE. Let me say to the Senator from Texas that the Senator from Kansas feels the amendment of the Senator from Texas should be supported. I will support it.

The Senator from Kansas believes the amendment will stimulate greater production among the great majority of oil producers in Kansas. In addition, it will permit the continued existence of the competitive element provided by independent producers.

I ask unanimous consent to have printed in the RECORD an article from the U.S. News & World Report, a letter from the Kansas Geological Survey, a statement by C. John Miller, of Michigan, and two news articles from the Wichita Eagle and Beacon of January 12, 1975.

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

WE'VE BEEN ASKED: WHAT'S "OIL DEPLETION ALLOWANCE"?

FROM TOP AUTHORITIES COME ANSWERS TO QUESTIONS ON TOPICS IN THE NEWS

The drive for a tax cut to spur the economy is all tangled up in a congressional fight over ending the "oil depletion allowance." Just what is that?

It is a provision of federal tax law that permits producers of oil and natural gas to exempt 22 per cent of their gross income from taxes. Theory behind this tax break has been that oil and other minerals in the ground are part of a producer's assets. The exemption was originally granted as a way to help producers finance exploration for new supplies as current assets are used up—or "depleted."

When did the depletion allowance become part of tax law?

It has been around since the early years of this century. It was first based on an estimate of what the deposit was worth. This proved unworkable because of the difficulty of estimating the size of a deposit or its value.

Congress then came up with "percentage depletion," which is the plan that has been in effect for half a century. The deduction is based not on the original value of the minerals, but on a fixed percentage of the oil and gas sold.

Why the sudden insistence on ending the oil depletion allowance now?

It has been a favorite target of reformers, who for years have called it the "No. 1 tax loophole." The closest they came was in 1969, when the percentage was cut from 27½ to 22. Since then, this has happened:

1. Record profits of the major oil companies, along with disclosures that they pay relatively little in U.S. taxes, have made them increasingly vulnerable. The oil industry denies that profits and tax rates are out of line. One executive says repeal of the allowance is "purely punitive."

2. The turnover in Congress has diluted the strength of the "oil lobby." Gone are the days when powerful oil-State members such as Lyndon Johnson, Sam Rayburn and Wilbur Mills could protect depletion.

Does the depletion allowance result in increased production, as oil men claim?

Probably, in an indirect way. Many small wells would not be worth operating without the tax break. Oil producers also say it is needed to attract venture capital. They contend that the oil business is so risky that without the extra income provided by the depletion allowance their sources of funds would dry up.

What will happen if the depletion allowance is repealed?

The first effect will be to reduce oil-industry profits. Oil companies say this will mean less capital available for drilling and, as a result, less production. The number of wells drilled was up in 1974 after years of decline, and another 12 per cent gain was expected this year. Instead, says one industry source, inflated costs of drilling and loss of depletion allowance could mean a 35 per cent drop in new wells.

Those out to end the allowance argue that the present high price of oil is sufficient incentive to stimulate production.

Would allowance repeal affect all oil producers equally?

Leaders of the 10,000 independent producers say they might be forced to sell out to major oil companies, which have foreign holdings, refineries, service stations and other businesses to help offset the losses. There is sentiment in Congress for helping the independents, possibly by phasing out the allowance for them over several years.

Is there a limit on what can be deducted in a single year?

Yes. The allowance, calculated by multiplying the gross income from an oil or gas property by .22, may not exceed 50 per cent of the taxable income from that property.

Can the depletion allowance be used to offset income from other sources?

No. It can be used to reduce taxable income only from oil and gas properties.

Is depletion restricted just to oil and natural gas?

All "extractive" industries have depletion allowances—a list that covers more than 100 materials.

More than 40 minerals have the same 22 per cent allowance as oil, while others range down to 5 per cent. Coal, for example, has a 10 per cent allowance.

But Congress so far is not trying to end the allowance on anything except oil and gas.

Who may deduct the depletion allowance?

Both the property owner and any leaseholder. But the total still may not exceed 22 per cent of the gross income from the property.

How does the depletion allowance differ from what are called intangible drilling costs?

Intangible drilling costs are part of the expense of drilling wells and preparing them for production. Some examples of such costs: spending for labor, fuel, equipment rental and repairs. The operator can either write these off on his income-tax return as current expenses, or he can capitalize them and recover the cost through depletion or depreciation.

How much in additional taxes will be collected by the U.S. Government if the depletion allowance is ended?

For this year, an estimated 2.5 billion dollars.

Congressional-staff members calculate that this could rise to about 4 billion dollars by 1979.

KANSAS GEOLOGICAL SURVEY,
Lawrence, Kans., March 3, 1975.

Attention: Mr. Kim Wells.

SENATOR ROBERT DOLE,
New Senate Office Building,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOLE: In response to a telephone call from Kim Wells on March 3, 1975, I am able to furnish information on average per well production of oil and gas in Kansas during 1974. The source of this information is the Kansas Corporation Commission.

CRUDE OIL

[In barrels]

	Total, Kansas	Eastern Kansas stripper area
Oil production (1974)	61,691,000	2,840,000
Average daily production, all wells	170,000	
Number of wells	41,755	10,740
Average production, per well, per year	1,477	264.4
Daily average production per well	4	0.7

NATURAL GAS

Natural gas production (1974) 894,307,867 Mcf.

Daily production all wells, 1974, 2,450,158 Mcf.

Number of wells, 9,000.

Average production per well per year, 99,367 Mcf.

Daily average production per year, 274 Mcf.

Please feel free to call upon us whenever we can be of assistance.

Cordial regards,

WILLIAM W. HAMBLETON,
Director.

STATEMENT OF C. JOHN MILLER, PRESIDENT INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA, BEFORE THE SENATE FINANCE COMMITTEE, MARCH 17, 1975

My name is C. John Miller. I am a partner in Miller Brothers at Allegan, Michigan, an independent oil and gas exploration and producing company. I appear this morning as president of the Independent Petroleum Association of America (IPAA), a national

organization of some 4,000 independent petroleum producers in every producing area of the onshore lower 48 states.

Mr. Chairman, I welcome and appreciate the opportunity to participate in this vitally important hearing. Last year, there was a tremendous resurgence in the efforts of the petroleum industry to increase domestic oil and natural gas supplies. In response to improved prices, the industry in 1974 accomplished the largest increase in exploratory and development drilling in its history.

This renewed activity is moving the country in the direction of a goal that has great public and bipartisan political support: the freeing of the United States from OPEC embargoes and OPEC prices.

Despite wide agreement on this goal, we continue to be faced with proposals to eliminate percentage depletion for domestic oil and gas production, and to impose "windfall profits" taxes.

What is being said about our energy goals and what is being proposed as tax policy are in conflict and do not make sense. The Congress cannot remove billions of dollars from the domestic industry and expect it to continue to expand its expenditures and to increase domestic petroleum supplies.

In a time of an energy supply crisis, the industry is faced with a proposal that will discourage investment and increased activity whereas the realities plainly call for doing just the opposite.

In representing independent producers, I can assure this committee that the army of 10,000 independent producers will be severely restricted if these proposals are adopted. Domestic energy scarcity would be aggravated. Declining supplies will imperil our entire economy. Worsening shortages would bring into doubt plant and industrial construction and development, causing widespread unemployment. It is becoming all too apparent that we must deal forcefully with our energy problems, because permanent energy shortages will mean permanent economic recession. Beyond the domestic problems created by energy shortages, we would be increasingly subject to embargoes, OPEC prices, intolerable balance of payments costs and pressures to compromise our country in its international affairs. Independents in the domestic industry drill more than 80 percent of all wells and find more than one-half of the oil and gas. Independents are indispensable in achieving relative energy self-sufficiency during the short term of the next decade or so, before meaningful supplies of alternative sources come on stream.

If depletion is repealed you can kiss energy self-sufficiency goodby. We would sell our chance for independence for $2.5 to $3 billion more in taxes. That is what we are talking about today.

Percentage depletion is absolutely essential to the 10,000 independents in the domestic industry for the following reasons:

1. *Depletion repeal would impair exploratory capital formation.* Petroleum exploration is a high-risk enterprise for which independent producers historically have depended on venture capital from outside investors. This is a principal source of capital for them. The American Association of Petroleum Geologists (AAPG) recently released a study showing that of 25,562 exploratory wells drilled in the years 1969–73, when only one well in 9 produced anything, only one in 50 was a significant discovery of as much as one million barrels.

Percentage depletion has been an essential factor in attracting risk capital into exploratory drilling ventures. Such investors are in high-income brackets, and would not find high-risk exploratory ventures as attractive as other types of investment in the absence of percentage depletion. Independent producers depend heavily on these investors for exploratory capital, and independents would be adversely affected by the drying up of risk dollars that would result from repeal of percentage depletion.

2. *Depletion repeal would cost independents more than "majors."* Most independent producers and their investors do not pay the 48 percent corporate tax rate, but are in higher individual tax brackets. In the case of a producer in the 70 percent bracket selling $11 crude oil, for example, the loss of depletion at an effective 22 percent rate would mean an increased tax of $1.69 per barrel, compared with $1.21 for corporate producers. To offset this loss independent producers would require a price increase of $6.14 a barrel, whereas the higher tax could be offset with a higher price of only $2.63 for corporate producers. Independent producers could not hope to recoup through the price mechanism, therefore, because the prices of independents are determined by crude oil purchasers who are the major companies. Independents therefore would just drill less.

3. *Depletion repeal would inhibit competition.* Repeal of depletion would have an additional negative impact on the financial stability of independent producers, immediately reducing their cash flow to an extent that would impair the ability of many producers to meet debt obligations, and other commitments. Thousands of independents have debt incurred under an assumed continuance of percentage depletion, and repeal of depletion would make it impossible to retire such obligations. The only option facing many producers simply would be to sell out and get out of the industry. The result would be accelerated concentration of the industry, and a loss of the great multiplicity of oil and gas exploratory effort by the 10,000 independents who drilled 88 percent of domestic "wildcat" wells directed at finding new oil and gas supplies in 1974.

4. *Depletion repeal would sharply cut drilling by independents.* In the period 1969 through 1973, independent producers in the United States drilled 9 out of 10 exploratory (wildcat) wells, found 54 percent of the oil and gas discovered, and accounted for 75 percent of the "significant" petroleum discoveries as defined by the American Association of Petroleum Geologists (AAPG).

In 1974 independents drilled 80 percent of total wells in the United States, spending approximately $3 billion for exploration and development. Repeal of percentage depletion would cost independent producers approximately $1 billion per year. To close our oil and gas supply gap, U.S. drilling needs to be doubled, at least. Repeal of depletion would unavoidably mean less drilling, and would foreclose all chance of expanding petroleum exploration since it would hit hardest the independent producers who account for the great bulk of domestic oil and gas exploration, and more than half of the reserves found.

In the almost two decades that the domestic oil and gas producing industry was in a state of decline, some 10,000 independent explorers quit exploring. The membership of IPAA dropped by more than half. So what? Why would anybody care about a bunch of oilmen going out of business? Nobody did care, Mr. Chairman, but the result is the deteriorating energy supply position in which this country finds itself today.

So I cannot help but wonder if many did not care only because they did not understand what was happening?

Mr. Chairman, I do not believe any one of the 10,000 independent oil and gas producers who were forced out of business by unhealthy economic conditions pleaded for the federal government to save them, to bail them out, to guarantee their debt or forgive their taxes.

I could not help but be intrigued, Mr. Chairman, if the press reports were correct, that this committee on Friday voted $665 million of relief for four very large corporations. I am neither informed adequately nor disposed to pass judgment on this. It occurred to me, however, that the petroleum industry undoubtedly would not have the political problems it has today if it was an economic basket case and was here before the Congress requesting hundreds of millions of dollars to keep it afloat.

Secondly, I am wondering how much of the economic difficulty confronting these large corporations results from the past political price-fixing for domestic oil and gas that ran us short of these fuels. And if Congress acts as it is threatening to make sure we have just one year of increased efforts to find and develop domestic petroleum resources, I cannot help but wonder how many American corporations will be here hat in hand asking for federal assistance because they will have been made permanent economic hostages of the OPEC cartel.

Today, Mr. Chairman, we have a dependency on foreign oil that is equivalent to 40 percent of our requirements and is growing. We are in the seventh year of natural gas shortages that are worsening with each passing day. It is evident from these facts that we are still in a desperate situation and that any tax action which would result in less exploration will only compound our oil and gas shortages. Even with maximum conservation, there is no way we can solve our energy problems without greatly expanding the search for, development and production of domestic oil and natural gas.

To do what can and must be done to reverse our declining production and restore relative self-sufficiency in the next decade, explorers are going to have to double our present rate of drilling. To double drilling will require more than a doubling of the average expenditures for exploration and development, because costs are rising at a phenomenal pace. In many areas, our members are reporting the cost of drilling and equipping wells today at 70 to 100 percent of the cost a year ago. Yet if we do not double drilling, energy self-sufficiency will not be attained.

Most of the thousands of independents in domestic oil exploration and development, including all of the hundreds that I know, have a commitment to and a pride in their role as energy suppliers. They have a justified conviction, particularly at this junction in our history, that they are engaged in efforts that are of extreme importance to the country and to the future availability of energy to the consuming public. Independents feel an obligation to maximize their efforts to find and make available increased petroleum supplies, but they are perplexed and discouraged by the unceasing political proposals which would prevent them from making a maximum contribution.

In considering the tax treatment of domestic petroleum exploration and development, the decisions of Congress will have a tremendous and I believe controlling effect on whether this country will, in fact, maximize petroleum exploration and development in the next few years when the adequacy of petroleum supplies will be so crucial to the country in bridging the way toward development of alternative energy sources.

I hope this committee will unemotionally weight what is really in the best interest of the nation and the consuming public: more oil and gas or more tax dollars? If increased energy supplies are important, percentage depletion is more vital than ever.

As of this moment, Congress is confronted with a critical choice. If it does not take actions to maintain maximum incentives and efforts to increase domestic petroleum supplies, it will be in the posture of voting for increased dependence on foreign oil with all its attendant uncertainties and adverse economic impacts.

[From The Wichita (Kans.) Eagle and Beacon, Jan. 12, 1975]

ENERGY FUTURE OF KANSAS RANKS AMONG BRIGHTEST

(By Ted Brooks)

Wichitans and Kansans are lucky to be Wichitans and Kansans.

For as concerns the availability of energy in the near and long term, this region must rank among the richest on earth. This happy outlook would even include the oil-rich Mideast, since in ultimate values a bushel of wheat and slab of beef are worth more than a barrel of crude oil. Any hungry Arab will so attest.

As a food energy source, it is almost certain Kansas will remain the world's breadbox. It will provide a treasure house of agricultural products which yield the most vital energy sources of all—the kilocalories oxidized in the human machine.

An additional bonus of shorter term lies in the considerable reserves of fossil fuels, oil, natural gas and coal. These, together with imports, should suffice to provide for the needs of the immediate future—the BTUs for heating and the fuels and raw materials for mechanical devices and their products. In speculating upon the shape of things to come, this future is conveniently divided into 2 overlapping periods: The short term, through 1985 and the long term, to the year 2000 A.D. and beyond.

Because young people believe they are immortal and older people know they are not, only philosophers worry about the long term. This, the experts say, is why the world is in trouble. But almost everyone displays a keen interest in whether or not he will be able to buy gasoline, drink from throw-away bottles, burn yardlights and live in a comfortably overheated house for the rest of this year and possibly the next 10.

Accordingly, the energy industries and the related industrial system are now concentrating their efforts on this brief interval. City, state and national governments follow suit. For the short term, their science, technology and systems of capital recovery limit them to the exploitation of oil, natural gas, coal and nuclear power, generally in that order.

There is almost universal agreement in the supposition these primary sources of conventional energy will have to be maximized in order to buy time for the development of more unusual and exotic forms. In Kansas, that time should be relatively cheap and easy to buy. The state's inventory in the energy line include not only energy sources in place but an established energy industry. Its transport and manufacturing system is just as capable of bringing in raw material and products as it is in sending them out.

As compared to other areas, the inventory of energy sources is impressive:

Petroleum—crude oil reserves, now in process of revision, are estimated at about 400 million barrels. They have declined rapidly from 800 million 10 years ago. Annual production in the same period has dropped from 106 million to 61.6 million barrels. At these unaltered rates of decline, zero reserves and zero production would intersect in the mid-1980s.

The questions are: What is the possibility of reversing, halting or slowing the dive to zero? In any event, what will Kansans, who now consume in products nearly as much as they produce in crude, do to supplement declining production? The first question is for producers, the second for refiners.

Representing independent producers, who pump close to 70 per cent of Kansas' crude oil and find and develop virtually all of the new reserves, Don Schnacke, executive vice president of the Kansas Independent Oil & Gas Association, put his finger on a telling point.

Kansas' ultimate potential reserves, he noted, are on an order of many magnitudes higher than the 400 million barrels commonly listed as "recoverable." It has been shown, he said, "there are 4.8 billion barrels yet to be produced using present technology." The key to actual recovery of this, he said, lies in stimulating wildcatting, the discovery of new pools and increasing secondary and third-round recovery from old pools. This will be influenced by oil policies at government levels.

He contended that "if proper incentives are maintained without the threat of punitive legislation and taxation—the public can depend on independents—to increase production and contribute to the goal of reasonable self-sufficiency in our country."

A working petroleum engineer for a major company intimately concerned in projects aimed at wringing the last drop of recoverable oil from Kansas pools has a quiet confidence in the ability of both independent and major firms to profitably reverse the declining trend of production.

He contended the challenge is by no means insurmountable. Brushing aside the steep declines, he said: "Look at it this way—if we but increase production 14,428 barrels daily each year, and that's not a great deal, it will take us but little more than 8 years to get back to around 280,000 barrels daily."

He ranked secondary and tertiary (third round) recovery near the top in this effort along with finding and developing new fields. "But," he cautioned, "we've got to catch up first, and it will take top incentives and high prices to do it.

Margaret O. Oros, geologist and head of the oil and gas division at the Kansas Geological Survey, University of Kansas, Lawrence, noted that higher oil prices have tended to revive exploration and development throughout the U.S. In Kansas, she notes the increase has been dramatic.

Although "we should not expect to find more El Dorado," Oros said, "many significant oil and gas deposits are still undiscovered." She pinpointed areas of opportunity:

Both the Salina Basin of north central Kansas and the Forest City Basin of northeastern Kansas have many townships untested.

Pre-Pennsylvania rocks of southeastern Kansas and thermal and chemical recovery of heavy oil in that area.

Both oil and gas potential in northwestern Kansas.

Deep drilling in the Hugoton Basin and exploration for reef reservoirs around its fringe.

Whatever is found, she said, coal and oil use should not be restricted to fuel. "Fertilizer, medicine, chemicals, plastics and protein seem to be more important uses for petroleum than burning it as fuel." Coal, thermal and solar energy, water power and atomic fuels should be substituted for these uses of petroleum, she believes.

What happens in the indefinite future when the crude oil supplies dwindle far below refining capacity in Kansas and adjacent states?

H. D. Moore, senior vice president of Coastal States Gas Corp., Houston, Tex., parent of Derby Refining Co., Wichita, says "oil supplies will, of necessity, have to come from offshore U.S.—the Atlantic coast and Gulf of Mexico areas as well as foreign sources." Canada may be forgotten.

He expects natural gas to be restricted to home heating, while utilities and industries will be required to burn fuel oil and coal. In this respect, he said, "there will always be some kind of allocation of natural resources, this being to help keep the independents in business for national security, if not for political reasons." Unfortunately, Moore concluded "there is no such thing as a little government control."

This theme was amplified by Richard J. Boushka, president of Vickers Energy Corp., Wichita. Acknowledging the difficulties of independent competition, Boushka said "if we can't compete, we don't deserve a place at the table of business." Forced economics, he contended, "will never replace free market enterprise."

However this policy problem is resolved, Boushka expects foreign oil prices to level off, but gasoline prices, he warned, probably will increase steadily to 75 cents and $1 per gallon in the early 1980s.

Natural gas and its co-product liquid petroleum gases present entirely different problems. Gas reserves are estimated on the order of 11.5 trillion cubic feet. These are being depleted at rates close to 900 billion cubic feet annually. A straight line projection showing zero production in the mid-1990s fails to account for gas reservoir mechanics. Actually, industry men believe, Kansas may be producing gas at sub-zero pressure levels long after 2000 A.D.

However, the vanishing immensity of the Hugoton-Panoma field in southwestern Kansas is of such magnitude that its inevitable decline can be matched by no feasible effort elsewhere. Hugoton infield drilling and edge drilling may be expected to slow the exhaustion.

The so-called LP-gases—propane, butane and ethane, plus natural gasoline—are not expected to decline in direct proportion to gas reserves. Possibly more than half of Kansas' LPG and natural gasoline production comes from gas which is imported and sent on its way—less the liquid gas and considerable heating value.

Strangely, LPG and natural gasoline reserves are set on the basis of the capacity of extraction plants rather than actual, native reserves. The U.S. Bureau of Mines conveniently sets this at about 400 million barrels, with annual production of about 30 million barrels. Both figures might be halved if imports ceased.

It is interesting to note that, in round numbers, Kansas actually produces about 1 trillion cubic feet and imports about 2 trillion. The 3 trillion, except for a few defined cases, is inextricably mixed in a common stream. Allowing for that gas which can be traced, there is no arithmetic supporting the commonly heard claim that most, or at least half, of Kansas gas production is utilized within the state. By any acceptable standard of computation, much more than half of the 900 billion cubic feet a year is exported. Since about 90 per cent of it is produced by outside, major firms who spirit away the bulk of the revenues, this has been a vexing economic problem whose solution has been effectively stalled by trivial considerations.

The unhappy truth now belatedly dawning is that natural gas, in terms of real demand, has reached a point of absolute and enduring shortage that no conceivable amount of drilling can possibly reverse. To a certain extent, Kansans may enjoy a happy exception to this outlook. Providing prices are high enough to stimulate drilling and not so high as to kill the market, industry men believe marginal reserves will continue to show up within economical transport distance of consumers. At best, this will not permit the Chamber of Commerce to invite industries in to set up blast furnaces.

The Wichita and regional problem is illustrated by the plight of Cities Service Gas Co., Oklahoma City, the principal supplier for south central and large parts of eastern Kansas and western Missouri. With current 1974–75 firm requirements of 583 billion cubic feet, CSG expects a 32 per cent shortfall on the order of 95 billion. This means that interruptible customers, including many utilities must get off the line.

One curious result of this illustrates the paradoxes accompanying the shift from an energy-abundant to an energy-scarce economy. Some such interrupted and energy intense industries are switching to electrical

processing. Thus, at greater cost, they effectively consume 3 times the energy they would have consumed by using the forbidden fuel. And the electric company providing their power at 33 per cent efficiency may be using the same fuel.

Down the line, CSG expects available gas supplies to consumers to slide from 477 billion cubic feet in 1975 to 214 billion in 1984. This is not as alarming for household and ordinary commercial customers as it sounds. Their total annual consumption throughout Kansas is on the order of but 155 billion. It does mean the 215-billion industrial sector and 180-billion electric power sector must turn to more costly fuels and hence raise the price of their goods and services.

It is reassuring to note a CSG executive said that come what may "we do not anticipate any difficulty in serving individual home users." He acknowledged difficulties for which solutions are promised in the supply area.

In a joint project with Northern Natural Gas Co., Omaha, CSG is planning a 250-million cubic foot per day coal gasification plant in Wyoming. With Amoco Production Co., it has signed an exploratory agreement which is hoped to establish new reserves of Wyoming natural gas. If all goes well, these projects should bring forth effective reserves almost equal to the firm's present supplies amounting to 7.8 trillion cubic feet.

Old King Coal in absolute measures of ultimate energy outranks all Kansas fossil fuels, but the old boy is never expected to ascend the throne again. Ultimate reserves have been calculated at 18.7 billion tons, but only 895 million are considered minable.

A fraction of this is expected to see the light of day. Production has declined from 7.2 million tons annually in 1917 and 18 to less than .8 million in 1974. In a recent study published by the Kansas Geological Survey and prepared by Lawrence L. Brady and Linda F. Dutcher, the authors note that changing economic conditions are causing the closing of Kansas' high-sulfur mines. "Within the near future," Brady and Dutcher predict, "the delivered cost of imported, low sulfur western coals will approach the price of coal from southeastern Kansas."

Meanwhile, strict environmental standards and land restoration measures are hastening the decline. All the same, the Survey writers caution, if cheaper means are found for removing sulfur dioxide from the stack gases, there would be large increases in coal mining and use.

Industry men and students who have addressed the Kansas regional problem point out that the seemingly negative difficulties in the fossil fuel area are the dilemmas of a very rich state, not a poor one. They present challenges to extend and bring into use energy reserves already existing but delayed because of political, social and economic hang-ups, many of which are reinforced by customs and beliefs, and a reluctance to dedicate funds to research which does not promise instantaneous returns. They caution too against excessive capitalization of conventional energy sources. Given a panic economic condition in which the dollars of common trade are out of step with energy values, there is a price at which energy can be produced at a dollar profit, but at a net energy loss. More energy units go into the effort than are taken out. For example, it may be shown there is a likely energy loss in financing and drilling an oil well which produces but 1 barrel of oil and several hundred barrels of water daily, even though the price of oil is high enough to permit a slight profit or the recovery of some losses.

Here again is illustrated the random shift society is being forced to make from abundancy to scarcity and the resulting distortion of values.

Nuclear power is the near term tide sweeping in to Kansas' energy future. As a total energy system, it will have the effect of creating an entirely new energy source. This embattled event is scheduled for 1982, when Kansas Gas & Electric Co. and Kansas City Power & Light Co. will start up their nuclear-electric, Wolf Creek plant in eastern Kansas.

The Wolf Creek plant will have a capacity of 1.15 million kilowatts capable of producing more than 10 billion kilowatt hours of electric power annually. In practice, from 70 to 80 per cent of this will be available. At equivalent energy rates Wolf Creek will substitute for the burning of 2,300 barrels of oil per hour, according to E. S. Hall, vice president of operations for KG&E.

By the time Wolf Creek attains planned capacity it will have the effect of saving nearly 7 million barrels of oil equivalent annually. By 1985, Hall said, energy use in KG&E territory is expected to exceed 13.8 million kilowatt hours, as compared to about 6.2 million in 1974. The annual growth rate of KG&E power delivery between 1964 and 1974 was 5.7 per cent; it is expected to increase at close to a 7 per cent rate until about 1985.

"One of the most compelling reasons for this growth," Hall said, "is the need to offset the decline in the availability of oil and gas." More coal and nuclear power must be used to replace them.

The problem is the same elsewhere throughout Kansas and the U.S. Current Kansas electricity demand is on the order of 18 billion kilowatt hours annually, better than three-fourths of which is supplied by investor-owned utilities. The remainder is mostly supplied by small municipal systems, the viability of which is discussed in a story elsewhere in these columns. Both types of utilities are embarrassed by soaring fuel and capital costs while their rate proceedings, chilled by public distaste, flow like glue.

As regards the nuclear fuel cycle and Wolf Creek, their troubles are just starting. Environmentalists, ecologists and some landowners are mounting an effort to prevent plant construction on the grounds that its dangers far exceed its benefits. Most of the general public are confused by the claims and counter claims. An objective observer, if one existed, would be inclined to ask: First, are there any alternatives which would suffice to keep the wheels turning, even in a much less energy-intensive society? And second, how do the pollution certainties inherent in the use of alternate fuels compare with the risks of possible pollution by the nuclear fuel cycle?

The stock answer is "sun power and wind power." Many scientists and engineers are quick to agree that this is a better answer than commonly acknowledged. A few go so far as to claim it an answer which, with an effort equal to that being devoted to nuclear power, would solve the problem cleanly and decisively. Some of the best brains in the country are working on both projects. Giant steps have been made, but thus far no one has been able to develop plans to tap either source on a large scale, commercial basis.

The hang-up lies in the dispersed and intermittent nature of sun and wind power. On the average, each square foot of Kansas land is bathed with 1,500 BTUs of radiant energy per day. This is the energy equivalent of but 1.5 ounce of gasoline. The wind on a brisk day might provide an input of close to 18 watts per square foot, and this, coincidentally, is also equal to about 1.5 ounce of gasoline. Since there is no way to induce the wind to blow and sun to shine when needed, there is a storage problem yet to be solved.

An astonishing and seldom considered fact is that sun power is already utilized on a vast scale in Kansas and yields the most important source of energy of all—food. The vehicle of conversion from radiant to food energy is that art which is among the oldest of man's accomplishments, agriculture. According to William H. Johnson, professor and head of the department of agricultural engineering at Kansas State University, Manhattan, the total amount of energy fixed in Kansas crops of all sorts adds up to someplace in the vicinity of 260 trillion kilocalories annually. These kcals are the same as the so-called "giant" calories used in cheating on diet matters.

The magnitude of this vital human power source may be appreciated when it is converted to 405.5 billion horsepower hours equivalent. It might inspire additional respect for the men who steer the plow to realize that this figure is 1.5 times greater than the energy output of all of the natural gas, oil, coal and LPG produced each year in Kansas. Amazingly, nature, with an assist from man-made chemicals, machinery, gasoline, sweat and frequent prayers, performs this mighty feat year after year with an input-output efficiency on the order of .086 per cent.

Can this small efficiency percentage be improved? Judging from present trends, Johnson doesn't believe there will be great changes in the 1975-2000 period. Farmers, he notes, are investing more in non-solar (fossil fuel) sources of energy to improve the solar energy-fixing process—fertilizers, chemicals, machinery, water and so on. These are increasing in price and becoming less available. Water is a mounting problem which seems to attract little attention, Johnson said.

"As the population increases," he predicted, "grain for livestock will come under stress. Humans will get it. Humans need a high quality protein, equivalent to animal protein. Cattle may be put on a forage ration because they can convert low value plant nutrients into high quality protein."

Although the direct conversion of farm products into power energy sources is not looked upon kindly by those who fear it would divert food crops, it nonetheless remains a practical possibility. The Kansas Wheat Commission has tested ethyl alcohol successfully extracted from wheat in a non-destructive process developed by Far-Mar-Co. at Hutchinson. Only the starch is used in the conversion. It may be used in automobiles with gasoline in a 1–10 mixture. To date gasoline is yet to become so scarce or costly as to make alcohol use economically feasible.

K-State's Johnson suggests the use of plant residues. His department is now developing a project to determine the practicality of burning wheat straw in steam-electric plants. There are other significant straws blowing in the wind.

In Hutchinson, Minn., a Standard Oil Co. (Ind.) subsidiary is using ethyl alcohol from one of its petrochemical plants to produce a high protein yeast known as torula yeast. It will soon find its way into countless foods such as bakery products, spaghetti, macaroni, noodles, meat patties, cereals and all sorts of snack foods.

Amoco Foods Co.'s torula protein is the real thing. It is produced at an energy cost of about half that used to produce a pound of beef protein and requires about 1/50th the man-hours to produce as beef protein. The Minnesota plant will yield as much protein as 400,000 acres of agricultural beef production—more than 10 million pounds a year.

This is a significant and vital signal to Kansans who are listening. For food-grade ethyl alcohol may be produced from grain, molasses, whey, potatoes, even plant residues. Clearly, someone should be thinking about this.

In a closely allied line, someone is. In Fredonia, Kans., M-E-C Co., a subsidiary of Basin Petroleum Corp., has built a 7-story plant in which it extracts high-protein flour from soybeans. Marketed under the name of TVP, the flour is approximately 50 percent protein, as compared to 17 percent in

beef. Although the difference between sinking one's teeth into top quality steak and mushing down on a protein patty is dramatic, much of it is psychological. Both Amoco Foods and M-E-C are using processes which make their proteins palatable.

It is evident from these small advances, that much is being done in the realms of agriculture, but as compared to the outlays being made for research in vanishing fossil fuel technology, the effort is trivial. It would seem that research in the production of food energy, easily swapped at premium rates, for power, would be the highest possible of Kansas priorities. Instead, funds and efforts are deployed in fruitless efforts to get the jump on one's neighbors at the gasoline station and natural gas pipelines.

A continuing and consistent thread of caution was woven into the energy problem by virtually everyone contacted in the preparation of this account—the crying need for conservation in all energy sectors. It is being vividly demonstrated that voluntary conservation doesn't work. In the words of Margaret Oros of the Kansas Geological Survey, "We have taken for granted a quite fanciful and unrealistic notion of the standard of living to which we think we are entitled."

Newspapers, magazines, journals and books abound in suggestions for stimulating conservation. Some are worth thought. Restrictions on yard lights, street lights, electric advertising would indeed be possible. Mass transport on a bigger scale is needed in Wichita and Kansas. Corrective taxes on large cars, inefficient buildings and unavoidable pollution have been suggested. Tax credits for efficient buildings and the energy modernization of the old houses and buildings are incentives that work in some states.

[From the Wichita (Kans.) Eagle and Beacon, Jan. 12, 1975]

STATE'S OIL MEN HIT NEW DOLLAR RECORD IN 1974

Whipped on by the highest price incentives in history, Kansas oil men put a brake on downward oil production trends and pushed the industry's total revenues close to the billion dollar mark during 1974.

In their big push to revive flagging oil production, they:

Staked locations for 3,833 wells, or 53 per cent more than in 1973.

Successfully completed 687 oil wells, or 12 per cent more than 1973.

Added, with those wells, potential production of 30,860 barrels daily up 35 per cent over 1973.

Drilled 383 successful gas wells, up 13 per cent, but the yield was down from 1,620 million cubic feet in 1973 to 1,107 million in 1974.

The effort didn't entirely reverse the industry's 15-year decline, but for the first time in all of those years it revealed the trend could be reversed.

The same inflated dollars that inspired that effort boosted the state's total energy take to approximately $947 million, up 41 per cent, or $277 million, from 1973. Preliminary industry and Kansas Corporation Commission estimates show the following production figures and values for 1974:

Petroleum—61.7 million barrels, worth $581 million at the wellhead; down in volume from 66.2 million barrels, but up from $302 million in value.

Natural gas—894 billion cubic feet worth $160.9 million at the wellhead, down slightly from 902 billion worth $162 million in 1973.

LPG, natural gasoline—without preliminary figures available, it is estimated at 31.3 million barrels worth $197.6 million, the same as 1973.

Coal—779,000 short tons worth $7 million, down from 1 million tons worth $7.9 million in 1973.

Despite the soaring dollar totals, in terms of energy units there was a sharp drop. The total energy values of the 4 principal fuels amounted to 1,397 trillion British thermal units (BTU's), down 3 per cent, or 42 trillion, from 1973. That was 1.7 per cent of the estimated 78,000 trillion BTU's it took to keep the U.S. industrial and domestic systems running.

What is the outlook for 1975? Most oil men agree that crude oil is the state's principal hope. "Gas production should remain at about the present level," said J. Lewis Brock, administrator of the KCC's conservation division in Wichita. Depending on price conditions, he said, "we can hope to arrest oil's rate of decline."

The trend indicated in 1974 backs up that opinion. Kansas wildcatters found 428 barrels daily of new oil each month—up from 398 in 1973. In-field drillers, brought in 2,137 b-d per month—up from 1,510 in 1973.

One persistent decline—the drop in completion of prorated wells in flush fields—was definitely reversed. Turning around the steep decline of 1973, operators and in 1974 completed 168 well good for 12,056 b-d.

Despite steel and labor shortages, most oil men agree the signs are good.

Mr. BARTLETT. Will the Senator from Texas yield?

Mr. LONG. Mr. President, if the Senators will not strenuously object, I do not know of anything that would be more popular than to yield the remainder of the time back. If another Member wishes to speak to an amendment, I would be inclined to respect it.

Mr. PEARSON. Will the Senator yield?

Mr. BENTSEN. How much time does the Senator wish?

Mr. BARTLETT. I have a short question. On page 9 of the amendment, on the seventh line, it ended with the word "or," and I believe it should be "and." Is that correct? In other words, the Senator is listing a number of ways in which the plowback may be invested. It means it has "and" instead of "or," so it is inclusive.

Mr. BENTSEN. The Senator is correct.

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

Mr. LONG. I yield back the remainder of my time.

Mr. BENTSEN. I ask unanimous consent that the "or" be changed to an "and."

Mr. PEARSON. Will the Senator yield for a question?

Mr. LONG. What is the significance of that change? What does it mean?

Mr. BENTSEN. We are talking about on the plowback provision, what can be charged to plowback. We had enumerated the things that could be charged to plowback. It is all-inclusive.

Mr. PEARSON. The Senator's amendment is not printed. Would the Senator explain how the plowback provision will operate?

Mr. BENTSEN. The Senator from Texas will be pleased to explain it again. In that situation, there is no plowback for the royalty owner because we could not find a practical way for the royalty owner to plow it back. We have a farmer who has some royalty and there is no way we can force him into the oil business. But for the producer, we listed those things that were qualified for a plowback provision. I will enumerate them again.

It would be interchangeable drilling and development costs; certain specified exploration costs; depreciable assets used in development or production, including gathering facilities; secondary and tertiary recovery, and lease acquisition costs.

Mr. BELLMON. If a producer chose to put money into a drilling fund, a fund to be used for those purposes, that would be applied?

Mr. BENTSEN. That would be.

Several Senators. Vote. Vote.

The PRESIDING OFFICER. Do all Senators yield back their time?

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

Mr. LONG. I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, for the information of the Senate, this will be the last vote tonight.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Texas. On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BUCKLEY (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. CHILES), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), and the Senator from Minnesota (Mr. HUMPHREY) are necessarily absent.

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

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. PACKWOOD), the Senator from Pennsylvania (Mr. HUGH SCOTT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

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

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

I further announce that the Senator from New York (Mr. BUCKLEY) voted "present."

The result was announced—yeas 47, nays 41, as follows:

[No. 72 Leg.]

YEAS—47

Allen	Ford	McClellan
Baker	Garn	McClure
Bartlett	Glenn	McGee
Beall	Gravel	Metcalf
Bellmon	Griffin	Montoya
Bentsen	Hansen	Morgan
Brock	Hart, Gary W.	Nunn
Bumpers	Hart, Philip A.	Pearson
Burdick	Hartke	Randolph
Byrd, Robert C.	Helms	Sparkman
Church	Hruska	Stennis
Dole	Inouye	Stevens
Domenici	Johnston	Thurmond
Eastland	Laxalt	Tower
Fannin	Long	Young
Fong	Mansfield	

NAYS—41

Abourezk	Hathaway	Proxmire
Bayh	Hollings	Ribicoff
Biden	Huddleston	Roth
Brooke	Jackson	Schweiker
Byrd, Harry F., Jr.	Javits	Scott, William L.
Cannon	Leahy	Stafford
Case	Magnuson	Stevenson
Clark	Mathias	Stone
Cranston	McGovern	Symington
Culver	McIntyre	Talmadge
Curtis	Mondale	Tunney
Eagleton	Moss	Williams
Haskell	Nelson	
Hatfield	Pell	
	Percy	

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—10

Chiles	Muskie	Taft
Goldwater	Packwood	Weicker
Humphrey	Pastore	
Kennedy	Scott, Hugh	

So Mr. BENTSEN'S amendment was agreed to.

Mr. BENTSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RANDOLPH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, I want to make a fuller explanation than I have made thus far in the debate of my amendment.

It contains two parts.

The first part deals primarily with the foreign operations of U.S. petroleum companies.

The second deals with percentage depletion on oil and gas production.

Mr. President, legislation in this area is long overdue and should not be delayed. I believe this amendment can open the way to Senate action now.

The first change deals with cases where the foreign taxes on oil and gas income derived abroad by U.S. companies substantially exceed the U.S. tax on this income. This frequently occurs because payments to foreign governments which can be cast either in the form of oil royalties or foreign tax payments have been denominated as tax payments with a resulting greater decrease in U.S. taxes. An offset against taxes—as a credit—is substantially more beneficial than an offset against income—as a deduction.

While limitations on the foreign tax credit prevent credits from being used to reduce U.S. tax on U.S. income, the oil companies affected, nonetheless, have often enjoyed the benefits of these foreign tax credits by using them to offset the U.S. tax on low-taxed foreign income.

The failure to deal with this problem cost U.S. taxpayers at least $300 million in 1974.

My amendment deals with this problem by limiting the tax payments for foreign oil and gas extraction which can be treated as foreign income taxes for purposes of the foreign tax credit to the U.S. tax on that income. Thus, no foreign tax credits are available to offset the U.S. tax on the other income of U.S. oil companies. This provision should increase revenues by approximately $460 million.

The second change my amendment will bring about relates to the option given by present law for the taxpayer to use the "per country" limitation on the foreign tax credit. Under this limitation, the credit for taxes paid to each individual foreign country may not exceed the proportion of the U.S. taxes on worldwide income which the income from that country is of worldwide income.

The purpose of the limitation is to prevent foreign taxes paid on foreign source income from reducing the U.S. taxes paid on income earned in the United States. The application of the "per country" limitation to each country separately permits a U.S. company to offset losses incurred in one or more foreign countries against its U.S. income, and at the same time to take a full tax credit against the U.S. tax for foreign taxes paid on income earned in other countries.

In other words, the "per country" limitation in effect requires the United States to absorb the tax reductions resulting from unprofitable ventures in some countries while the foreign tax credit prevents it from obtaining any—or very much—tax on profitable ventures in other countries. Oil companies are frequently in a position to secure these special tax advantages from the "per country" limitation because they often have losses in some foreign countries—frequently from intangible drilling expenses—and income from oil extraction or other activities in other foreign countries.

To correct this situation, my amendment has eliminated for oil and gas companies the option of taking the "per country" limitation in computing the foreign tax credit. Thus, we will stop subsidizing the foreign drilling operations of the oil companies. This provision will raise approximately $120 million.

Even with elimination of the "per country" limitation on the foreign tax credit, taxpayers engaged in foreign operations may in some cases still secure special tax advantages under present law in years when net losses are incurred abroad on aggregate foreign operations. These losses may be offset against U.S. source income, while in subsequent years, when the foreign operations become profitable, the tax credits for foreign taxes may absorb most, if not all, of what would otherwise be U.S. tax liability.

As a result, the United States bears a disproportionate part of the cost of the losses incurred in the foreign operations since it does not receive appreciable tax receipts from the operations in years when they become profitable. To remedy this situation, my amendment provides that to the extent foreign losses may still offset domestic source income—after the repeal of the per country limitation—the losses, in effect, are to be recaptured in subsequent years when foreign income is earned, or the foreign assets are disposed of. This provision when fully effective will raise $20 million.

The 1971 Revenue Act provided that U.S. corporations which qualify as domestic international sales corporations—DISC's—may, in effect, defer tax on up to 50 percent of export-related profits. The objective was to stimulate exports to foreign countries in order to improve our balance of payments. However, since the adoption of the DISC provisions in 1971, these provisions have encouraged the export not only of products which may merit such encouragement but also of scarce products which are in short supply in the United States. It is inappropriate to continue to provide an incentive to export essential materials which are in short supply in this country. The result is to provide an incentive to drain away products which are vitally needed in this country and to increase domestic inflationary pressures.

For this reason, my amendment withdraws the DISC tax deferral treatment from mineral products, oil and gas, products from other natural deposits, timber, and products the export of which is curtailed—or prohibited—due to scarcity under the Export Administration Act of 1969.

This provision raises about $20 million in 1975.

The final change in the first part of my amendment deals with the investment tax credit on drilling rigs used outside of the United States. Present law grants an investment tax credit to drilling rigs used outside of the United States. In order to help insure that these rigs are used to explore for oil and gas in places where the United States can reasonably expect to obtain some of that oil and gas, my amendment restricts the right to investment tax credits on foreign-located drilling rigs to those rigs used in the northern half of the Western Hemisphere. This change will raise approximately $10 million in 1975.

These changes in the tax treatment of foreign oil and gas income and income from exports of scarce commodities raise about $620 million. Under my amendment, this revenue would be used to offset the tax loss caused by a feature of the second part of my amendment. The second part of my amendment repeals the percentage depletion allowance on oil and gas.

However, it exempts from repeal independent producers who are defined as producers having no retail outlets and no refineries with daily capacity in excess of 50,000 barrels. These independent producers can take the percentage depletion allowance on the first 3,000 barrels of oil or an equivalent amount of natural gas or a combination which may not exceed the 3,000 barrel limit.

The independent producers do most of the onshore exploratory drilling in the United States. Their presence in the industry is essential to stimulate competition. The American consumer would suffer immeasurably if all oil production ever fell into the hands of a few major oil companies. Because their sources of capital are limited, the independents need percentage depletion to generate internal funds. Therefore, I believe they should be permanently exempted from repeal of percentage depletion.

My amendment repeals percentage depletion as of January 1, 1975, for crude oil and natural gas. There is an exemption for gas that is sold under a fixed-price contract—until the expiration of the contract or until the price is adjusted—and a temporary exemption for gas whose price is regulated by the Federal Power Commission. Independent producers who have no retail outlets are

allowed to retain percentage depletion for oil production up to 3,000 barrels per day.

Also independent gas producer who uses less than his full 3,000-barrel crude oil exemption may have some of his natural gas production exempt from the repeal of percentage depletion; with a maximum natural gas exemption of 18 million cubic feet per day for producers who claim no percentage depletion on their oil. The gas exemption will be reduced proportionately for oil production up to 3,000 barrels per day. In addition, my amendment repeals percentage depletion for regulated natural gas not subject to the small producers exemption as of July 1, 1976.

In order to prevent major oil producers from splitting their oil producing properties up into 3,000 barrels per day units so that percentage depletion would be expanded, my amendment provides that, except for transfers by death and certain corporate reorganizations, percentage depletion will not be available on property that is transferred from one person to another after it has been determined that the property is capable of oil or gas production. This will prevent proliferation of 3,000-barrel exemptions.

Finally, my amendment imposes a limitation that percentage depletion on oil and gas may not exceed 50 percent of taxable income. This limit supplements the existing limitation that percentage depletion on an individual property may exceed 50 percent of the net income from that property. The new limit applies to the taxable income from all sources. This 50 percent limit will mean that no taxpayer can use percentage depletion to avoid all income tax.

The total revenue gain from my amendment is $2.1 billion. The foreign tax provisions, which raise $620 million the first year, more than offset the estimated cost of retaining a limited percentage depletion allowance for independent producers. This amendment will maintain incentives for relatively small producers to drill in the United States and will eliminate the special tax preferences that has encouraged the major oil companies to invest abroad.

AMENDMENT NO. 162

Mr. HARTKE. Mr. President, I have an amendment at the desk that I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. 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:

At the end of the language proposed to be stricken by the Cranston amendment, insert the following:

SEC. 105. Elimination of foreign tax credit for taxes paid in connection with foreign oil related income; special rate of tax for such income.

(a) ELIMINATION OF TAX CREDIT.—Section 901(e) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) TERMINATION OF CREDIT FOR FOREIGN TAXES ON OIL-RELATED INCOME.—

"(A) In the case of a corporation, no credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil-related income from sources within such country or possession.

"(B) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(v) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil related income.

"(D) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items shall be taken into account in computing foreign oil related income for such year.

"(E) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil related income described in subparagraph (B)(i).".

(b) TAXATION OF FOREIGN OIL RELATED INCOME.—

(1) Section 11(e) of such Code (relating to exceptions from tax imposed on corporations) is amended to read as follows:

"(e) EXCEPTIONS.—

"(1) FOREIGN OIL RELATED INCOME.—Subsection (a) does not apply to foreign oil related income (as defined by section 901(e)(3)(B)).

"(2) CERTAIN CORPORATIONS.—Subsection (a) does not apply to a corporation subject to a tax imposed by—

"(A) section 594 (relating to mutual savings banks conducting life insurance business),

"(B) subchapter L (section 801 and following, relating to insurance companies), or

"(C) subchapter M (section 851 and following, relating to regulated investment companies and real estate investment trusts).".

(2) Part II of subchapter A of chapter 1 of such Code (relating to tax on corporations) is amended by redesignating section 12 as 13, and by inserting after section 11 the following new section:

"Sec. 12. Foreign oil related income.

"(a) IN GENERAL.—There is imposed for each taxable year a tax of 24 percent on the taxable income of every corporation which is foreign oil related income (as defined in section 904(e)(3)(B)).

"(b) EXCEPTION.—Subsection (a) does not apply to any corporation described in section 11(e)(2).

"(c) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section, including, but not limited to, regulations providing that deductions, credits, and other computations properly allocable to computing foreign oil related income are properly allocated in computing such income.".

(3) The table of sections for such part is amended by striking out the item relating to section 12 and inserting in lieu thereof the following:

"Sec. 12. Foreign oil related income.
"Sec. 13. Cross references relating to tax on corporations.".

(c) The amendments made by this section apply to taxable years beginning after the date of enactment of this Act.

Mr. HARTKE. Mr. President, this amendment deals with the repeal of the foreign tax credit. I just wished to get the measure before the Senate. I am not interested in proceeding any further this evening.

EARTH DAY

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House on House Joint Resolution 258.

The PRESIDING OFFICER. The joint resolution will be stated.

The Legislative Clerk read as follows:

A resolution (H.J. Res. 258) to designate March 21, 1975, as "Earth Day."

The PRESIDING OFFICER. Without objection, the joint resolution will be considered as having been read twice by title.

Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HATFIELD. Mr. President, I wish to indicate to the Senate that this is a resolution that has passed the House of Representatives. It designates March 21, 1975, as Earth Day. The Senator from Wisconsin (Mr. NELSON) would like to be recorded as sponsoring this rather unusual parliamentary procedure at this time, in order to meet the deadline of March 21.

I take this occasion to thank the leadership, both the majority and minority, for their cooperation in this matter.

Mr. FORD. Mr. President, will the Senator please use the microphone?

Mr. HATFIELD. Mr. President, the resolution calls for the designation of March 21, which is this week, as Earth Day. It is to be an educational opportunity to consider the environmental problems of today and will be celebrated in whatever procedure or whatever activity may best suit the individuals and

organizations who engage in this kind of celebration.

The President of the United States is authorized under this particular resolution to issue a proclamation calling for the observance of such day, with appropriate ceremonies and activities.

The Senator from Wisconsin (Mr. NELSON), as I indicated earlier in my comments, who has been very much in the forefront of establishing observation of Earth Week in April, is interested in having this determined at this time and supported by the Senate as a joint action with the House of Representatives.

The joint resolution (H.J. Res. 258) was ordered to a third reading, read the third time, and passed.

PRIVILEGE OF THE FLOOR—H.R. 2166

Mr. BELLMON. Mr. President, I ask unanimous consent that during the further consideration of H.R. 2166, Mr. Oakley of my staff be granted the privilege of the floor.

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

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 tomorrow morning.

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

(The foregoing order was subsequently changed to provide that the Senate recess until 9:15 a.m.)

UNANIMOUS-CONSENT REQUEST—H.R. 4592

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, the Senate proceed to the consideration of H.R. 4592, on which there is a time limitation, and that a final vote occur on that measure at 2 o'clock tomorrow. This is in accordance with the request——

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object.

I ask the Senator from West Virginia is that the foreign aid appropriation bill?

Mr. ROBERT C. BYRD. Yes.

Mr. HARRY F. BYRD, JR. I say to the Senator that the committee report was available only at around 12 or 1 o'clock today. The committee hearing is very voluminous. The Senator from Virginia stayed on the floor all day today doing two things: One, attempting to listen to the debate on the tax bill; and second, trying to digest some of the matters involved in the foreign aid appropriation bill. It is a $3.3 billion bill. There are many parts of the bill that are not entirely clear. The amount of money is tremendous. There are a number of questions that I wish to put to the manager of the bill, and there may be a few amendments I would like to present to the bill.

May I ask the distinguished Senator from West Virginia, the majority whip, just what the time agreement is? I realize that the leadership is trying to channel legislation for the benefit of the Senate and the benefit of the country and trying to keep things going. I hope, however, that on a tremendous appropriation bill such as this, we do have adequate time to go into the vast sums involved.

Mr. ROBERT C. BYRD. Mr. President, the distinguished Senator from Virginia is always most cooperative and understanding. The time limit on the bill is 1 hour, with 20 minutes on any amendment, 10 minutes on any debatable motion or appeal, with 30 minutes, I believe, allotted to the Senator from Virginia.

The PRESIDING OFFICER. Twenty minutes.

Mr. ROBERT C. BYRD. I ask unanimous consent that that be 30 minutes.

The PRESIDING OFFICER. Without objection, it will be 30.

Mr. HARRY F. BYRD, JR. I say to the Senator from West Virginia that I appreciate that. When I requested the 20 minutes, it was before the committee report was available. Once the committee report became available, it raised some questions in my mind. I am wondering whether it is essential to bring this bill up tomorrow, and if it is brought up tomorrow—I have no objection to its being brought up—whether more time could be allotted to it.

Mr. ROBERT C. BYRD. The distinguished Senator from Hawaii (Mr. INOUYE) wanted to bring this bill up today, but because of the fact that there are Senators in the same situation as is the Senator from Virginia, the distinguished Senator from Hawaii decided to put it over until tomorrow to give Senators a further opportunity to study it. With the tax bill being in the status that it presently stands in, it is virtually necessary for the leadership to bring up the appropriations bill in the morning so that we can proceed to conference with that while we are continuing our work with the tax bill. I hope that the distinguished Senator will not object to our bringing it up in the morning. If he wants more time personally on the bill, I am sure that there will be no objection to that.

Mr. HARRY F. BYRD, JR. As I understand the procedure, when the bill is brought up, then the procedure would be to take up each committee amendment as it occurs in the bill?

Mr. ROBERT C. BYRD. Yes.

Mr. HARRY F. BYRD, JR. Is there a time limitation on discussing those amendments?

Mr. ROBERT C. BYRD. A time limitation of 20 minutes on any amendment. There is an hour on the bill from which the managers could yield additional time to any amendment.

Mr. HARRY F. BYRD, JR. Does the hour include the 30 minutes of the Senator from Virginia?

Mr. ROBERT C. BYRD. No.

Mr. HARRY F. BYRD, JR. That is in addition?

Mr. ROBERT C. BYRD. That is in addition, yes.

It is my intention further to request that the final vote on that measure occur at 2 o'clock tomorrow. This will be in accordance with the request of the distinguished Republican leader, and this was agreeable to Mr. INOUYE and to Mr. YOUNG and to Mr. MCCLELLAN, I believe. I believe I am stating it correctly.

Mr. HARRY F. BYRD, JR. I thank the Senator. I certainly do not want to hold the legislation up in any way.

I do want to say that, again, there is $3.3 billion involved in this bill, but I will be governed by the judgment of the leadership. I will not object, of course, to its being called up.

On another matter, I wanted to speak for 15 minutes on another matter earlier in the morning. May I ask the Senator from West Virginia, would it be possible to work that in?

Mr. ROBERT C. BYRD. Yes. Would the Senator like to speak at 9:15? Or if he would prefer to wait until 9:30, we will start at 9:30 with his speech and then, immediately following, go to the foreign aid appropriation bill. Would the Senator like to start at 9:15?

Mr. HARRY F. BYRD, JR. Yes, that will be fine.

ORDER FOR RECESS UNTIL 9:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes it business today, it stand in recess until 9:15 a.m. tomorrow.

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

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., AND UNANIMOUS-CONSENT AGREEMENT FOR THE CONSIDERATION OF H.R. 4592 TOMORROW

Mr. ROBERT C. BYRD. I ask unanimous consent that after the two leaders have been recognized under the standing order, the Senator from Virginia be recognized for not to exceed 15 minutes, that immediately thereafter the Senate proceed to the consideration of H.R. 4592, a bill making appropriations for foreign assistance, and that the vote thereon occur at the hour of 2 p.m. tomorrow, with a waiver of the provisions of rule XII.

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

ORDER FOR THE RESUMPTION OF THE UNFINISHED BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the expiration of all the time and the disposition of all amendments to H.R. 4592, if there is remaining time between that point and the hour of 2 o'clock, the Senate at that point resume the consideration of the tax measure.

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

ORDER OF BUSINESS

Mr. CURTIS. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. Yes.

Mr. CURTIS. At about what time will the tax bill be resumed, in order that we might be here and plan our work accordingly?

Mr. ROBERT C. BYRD. Well, I think it would be impossible to say exactly. I do not know how many amendments there will be to the foreign aid bill, may I say to the distinguished Senator. There is only 1 hour on the bill. The Senator from Virginia has 30 minutes and there will be 20 minutes on each amendment, so I do not know how many amendments will be called up.

Mr. CURTIS. The final vote will be at 2 o'clock?

Mr. ROBERT C. BYRD. The final vote will be at 2 o'clock; yes.

Mr. CURTIS. But debate will be completed?

Mr. ROBERT C. BYRD. Yes; we will be completing debate and votes on amendments to the bill prior to that time.

Mr. CURTIS. And we are coming in at 9:30?

Mr. ROBERT C. BYRD. We are coming in at 9:15, to start on the bill around 9:30.

Mr. CURTIS. So it will be 11 or 12 o'clock before we reach the tax bill?

Mr. ROBERT C. BYRD. Yes; I think that would be a fair estimate.

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

Mr. ROBERT C. BYRD. I yield.

Mr. HELMS. My understanding is there will be 1 hour of debate on the foreign aid bill of $3.3 billion.

Mr. ROBERT C. BYRD. That is correct.

Mr. HELM. That means we will be devoting approximately 1 minute to each $55 million: is that correct?

Mr. ROBERT C. BYRD. I assume that would be correct. I accept the Senator's calculations.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. HARRY F. BYRD, JR. When we start the votes on amendments tomorrow, I assume it would be agreeable if perhaps one or two amendments might be debated, but voted on nearer the hour of 2 o'clock?

Mr. ROBERT C. BYRD. I would certainly be glad to try to obtain unanimous consent to do that at the time, if the Senator will so request.

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

Mr. ROBERT C. BYRD. Yes, I yield. I appreciate the courtesy and patience of the Senator from California.

Mr. CURTIS. I thank the Senator from West Virginia very much.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. CRANSTON. Mr. President, I modify the text of my amendment to amend title V of the pending tax bill, H.R. 2166, by changing the "V" to "IV" and by redesignating subsequent title numbers accordingly.

Mr. CURTIS. This is just a change of numbers?

Mr. CRANSTON. Yes.

The PRESIDING OFFICER. The amendment is so modified.

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 legislative clerk proceeded to call the roll.

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

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

OFFICIAL INVITATIONS RECEIVED FROM FOREIGN GOVERNMENTS OR PARLIAMENTARY BODIES

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 86.

There being no objection, the Senate proceeded to consider the resolution (S. Res. 86) to authorize the Senate to respond to official invitations received from foreign governments or parliamentary bodies and associations, which had been reported from the Committee on Rules and Administration with amendments.

The amendments were agreed to.

The resolution (S. Res. 86) as amended, was considered and agreed to as follows:

Resolved, That the President of the Senate is authorized to appoint as members of official Senate delegations such Members of the Senate as may be necessary to respond to invitations received officially from foreign governments or parliamentary bodies and associations (including the Commonwealth Parliamentary Association) during the Ninety-fourth Congress, and to designate the chairman or cochairmen of said delegations.

SEC. 2. (a) The expenses of the delegations, including staff members designated by the chairmen to assist said delegations, shall not exceed $35,000 for each such delegation, and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairmen of said delegations.

(b) The expenses of each delegation shall include such special expenses as the chairman may deem appropriate to carry out the purposes of this resolution, including reimbursements to any agency of the Government for (1) expenses incurred on behalf of each delegation, (2) compensation (including overtime) of employees officially detailed to each delegation, and (3) expenses incurred in connection with providing appropriate hospitality to foreign delegates.

(c) Each member or employee of each delegation shall receive subsistence expenses in an amount not to exceed the maximum per diem rate set forth in section 502(b) of the Mutual Security Act of 1954, as amended.

(d) The Secretary of the Senate is authorized to advance funds to the chairman of each delegation in the same manner provided for committees of the Senate under the authority of Public Law 118, Eighty-first Congress, approved June 22, 1949.

INTERCHANGE AND RECEPTION OF CERTAIN FOREIGN DIGNITARIES

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 91.

There being no objection, the resolution (S. Res. 91) relating to the activities of the Committee on Foreign Relations in facilitating the interchange and reception of certain foreign dignitaries was considered and agreed to, as follows:

Resolved, That (a) effective on the date on which this resolution is agreed to, the activities authorized by S. Res. 247, Eighty-seventh Congress, agreed to February 7, 1962, are extended to include the interchange and reception in the United States of prominent officials of intergovernmental organizations.

(b) Effective for the fiscal year ending June 30, 1975, and for each fiscal year thereafter, the fiscal year limitation on expenses incurred under such S. Res. 247 is increased to $10,000.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 9:15 a.m. tomorrow, following a recess.

After the two leaders or their designees have been recognized under the standing order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) will be recognized for not to exceed 15 minutes, after which the Senate will proceed to the consideration of H.R. 4592, a bill making appropriations for foreign assistance. There is a time limitation agreement on that bill. Rollcall votes will occur on amendments thereto during the morning and early afternoon, with a final vote on the measure occurring at the hour of 2 p.m. tomorrow.

If there is an interim between the expiration of the time for debate and any votes on amendments prior to the hour of 2 o'clock, the Senate will resume the consideration of the tax cut bill, and of course will immediately resume the consideration of the tax cut bill after the final vote at 2 p.m. on the foreign aid appropriation bill.

Rollcall votes will occur throughout the day tomorrow, and the Senate may expect, I would assume, another long session.

RECESS UNTIL 9:15 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 Senate stand in recess until the hour of 9:15 a.m. tomorrow.

The motion was agreed to, and at 8:28 p.m. the Senate recessed until tomorrow, Wednesday, March 19, 1975, at 9:15 a.m.

EXTENSIONS OF REMARKS

TRIBUTE TO GROVER COBB

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. SEBELIUS. Mr. Speaker, a week ago last Friday, the citizens of Great Bend, Kans., and people throughout Kansas were saddened to learn of the passing of Grover Cobb, a man who had become a legend in the Kansas broadcasting industry.

Grover Cobb's personal life and his career in the broadcasting industry were such that he touched the lives of many Kansans. In doing so he not only enjoyed the personal friendship and admiration of everyone who knew him but also was a leader in his chosen field and truly set an example for others to follow.

I knew Grover Cobb and like many others feel a sense of personal loss by his untimely death. In paying tribute to this man, Thad M. Sandstrom of WIBW Radio and TV, a friend and colleague of his, recently broadcast a "memorial" tribute to Grover. Thad said in accurate and eloquent terms what Grover's life meant to him, to his colleagues, and to the people of Kansas. The memorial tribute follows:

WIBW EDITORIAL—TRIBUTE TO GROVER COBB

When I arrived for my first radio job as an announcer at KSAL in Salina in 1943, the name Grover Cobb was a legend. Grover had started as an announcer at KSAL in 1939 while a student at Kansas Wesleyan. He went off to fight in the war, but the folks still talked about Grover Cobb. Later while I managed KSEK at Pittsburgh, Grover was general manager of KVGB at Great Bend.

In 1951, Grover Cobb took the lead in calling together a group of Kansas radio broadcasters to talk about the need to form a state broadcasters association. The rallying cry—broadcasts of KU and K-State football and basketball games. There was on economically practical way in 1951 to beam a broadcast from Lawrence or Manhattan to the outreaches of Kansas at Pittsburg, Great Bend, Garden City and Colby. Everybody nodded in agreement when someone said we needed to make Ben Ludy, General Manager of WIBW, the first president of the Kansas Association of Radio Broadcasters. But everybody knew in his heart that the first president should have been Grover Cobb. He served as president later—putting the good of the association ahead of personal goals.

Grover loved life. He loved the broadcasting business. He loved Kansas. He loved his family—his wife, Fan, and seven children—four boys and three girls. He loved sports, too. Grover, with his sidekick, Bob Hilgendorf, used to travel all over the nation broadcasting the NCAA Basketball Championships on radio whether KU or K-State played or not. We've always suspected the reason was not so much because Grover thought the folks in Great Bend needed to hear the NCAA finals as it was that he wanted to see the games.

Grover's interest in the Kansas broadcasters association led to his election in 1964 to the Board of the National Association of Broadcasters. He became Chairman of the Board in 1967. Who would dream that a radio broadcaster from a small town of Great Bend, Kansas, would rise to be Chairman of the Board of the major trade association of the broadcast industry—which speaks for radio and television stations large and small—as well as for all the major networks? Grover Cobb did just that.

He was lured away from Great Bend in 1969 by an offer from the Gannett Company of Rochester, New York, to manage their broadcast properties. But soon the NAB beckoned again. The call of service to the broadcast industry was one Grover could not resist. Off he went to Washington in 1971 where he became Senior Executive Vice President of the National Association of Broadcasters. He was the broadcasting industry's chief spokesman on Capitol Hill as an advocate of free broadcasting. An efficient organizer, he was persuasive and effective. If he had been a lawyer, he surely would have been another Perry Mason for he was an excellent debater. If he had been a preacher, he might well have been a Billy Graham for he had the ability to hold an audience with his speeches.

The name Grover Cobb probably doesn't mean much to most WIBW listeners and viewers. But to the men and women at the management level of the broadcast industry, the name is gospel. Grover had a history of heart attacks. But you couldn't hold him down. In true western Kansas style, he died with his boots on in Washington Friday morning. He was 53. Grover suffered a heart attack while attending a meeting with the Chairman of the Federal Communications Commission discussing deregulation of radio broadcasting. Ironically, one of those at the meeting was Dick Painter, a broadcaster from Mankato, Minnesota, who used to work for Grover at Great Bend. He was at Grover's side when the end began. They'll bury Grover Cobb today at Great Bend. Some of the biggest names in broadcast management from across America will be there. The industry is going to miss him. Free broadcasting in America will be there. The industry is going to miss him. Free Broadcasting in America is better today because of the things Grover Cobb stood for and did.

THE POLITICS OF THE GREAT REBATE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. CRANE. Mr. Speaker, the advocates of the tax reduction bill currently receiving the support of many, perhaps most, Members of Congress argue that such a tax reduction will help to "prime the pump" of the economy. It is their thesis that returning approximately $21.3 billion in tax relief, while keeping spending rates at least at current levels—and probably at much higher levels—will ease our economic difficulties and lift us out of our current dilemma of concurrent inflation and recession.

This approach represents a fanciful economic theory. We can continue, its advocates argue, to spend far more than we have, causing an artificial increase in the money supply, which produces inflation, while producing a still greater imbalance through tax rebates, and never have to worry about the consequences. According to this notion, we will, somehow, spend out way out of both recession and inflation.

All of this may appear to be good politics for the moment, but it is disastrous economics.

Discussing the proposals now before the Congress, Patrick Buchanan notes that:

Under the House-enacted bill, 4.6 million Americans would be dropped from the tax rolls, and reassigned to the expanding army of citizens who pay nothing in federal income taxes for the broad and widening array of social benefits they enjoy.

Mr. Buchanan points out that:

We have been creating a new class in America, a vast constituency of millions with no vested interest whatsoever in reducing the programs and power of government and every incentive to support its continued growth.

Congress is now planning, through its tax measure, to stifle the initiative of business, industry, and our most productive individuals. This is not the path of economic recovery. It it, instead, a prescription for economic stagnation.

Mr. Buchanan, in this connection, notes that:

The 1974 rebates and the 1975 tax reduction proposals for individuals were restructured completely to favor the lower income groups . . . The accent of the legislation was shifted away from savings and toward consumption. As for the most productive and successful of Americans . . . they were left out in the cold.

I wish to share Patrick Buchanan's thoughtful analysis, "Politics of the Great Rebate," as it appeared in the Chicago Tribune of March 6, 1975, with my colleagues and insert it into the RECORD at this time:

[From the Chicago Tribune, Mar. 6, 1975]

POLITICS OF THE GREAT REBATE

(By Patrick Buchanan)

WASHINGTON.—When the emergency tax reduction bill arrives on the Senate floor, perhaps the phrase, welfare reform, can be inserted in the title. For the redistribution of wealth, downward, is what much of this $21.3 billion worth of "tax relief" is about.

Under the House-enacted bill, 4.6 million Americans would be dropped from the tax rolls, and reassigned to that expanding army of citizens who pay nothing in federal income taxes for the broad and widening array of social benefits they enjoy.

We have been creating a new class in America, a vast constituency of millions with no vested interest whatsoever in reducing the programs and power of government, and every incentive to support its continued growth. The political and social ramifications of this ongoing process, for the future of this Republic, have never really been explored.

In the final rewrite of the tax bill in the House, it was, quite evidently, the ideology of the McGovern wing of the Democratic Party which prevailed.

The "negative income tax,"—a subsidy for the nontaxpaying "working poor"—which the President had suggested, was seized upon and expanded. The recommended cut in the corporate tax rate from 48 per cent to 42 per cent was discarded.

The 1974 rebates and the 1975 tax reduction proposals for individuals were restructured, completely, to favor the lower income groups. The 22 per cent oil depletion allow-

ance was repealed. The accent of the legislation was shifted away from savings and toward consumption.

As for the most productive and successful of Americans, that fifth of a nation which earns more than $20,000 a year, they were left out in the cold. Their rebates will be less than $200 and the tax relief recommended for this segment of society is by far the least significant.

Conscious discrimination against the middle class faithfully reflects the soak-the-rich, redistribute-the-wealth philosophy of the national Democrats. But does it reflect the needs of the economy? Who do the Democrats expect to buy all those autos and "big ticket items," the backlogs of which have caused such sweeping unemployment in the working class?

President Ford had a better idea. His program was designed with a dual purpose: Protest the weak from the impact of inflation and provide the productive sectors of society with the stimulus to pull us all out of recession. The House emphasized the first, almost to the exclusion of the second.

The saving grace of the House package—in terms of economic incentives—is the $5.1 billion in business tax relief. But even here the reforms are modest or misdirected.

Doubling to $50,000 the level of corporate income taxed at 22 per cent rather than 48 per cent is a nice booster shot for small business. But the maximum of $6,500 in tax relief provided a single corporation is of major importance only to the smallest of firms.

As for repeal of the oil depletion allowance, which the House Democratic Caucus literally ordered onto the tax bill, this is not an issue on which liberal Democrats are expected to be rational. To the Left, the oil industry is the prince of devils; the depletion allowance the means by which it works its will.

Yet, what would repeal accomplish, other than transfer $2.5 billion of potential investment capital out of the energy industry and into the U. S. Treasury?

If America is ever to become independent of foreign oil, hundreds of billions of dollars will have to be invested in research, exploration, production, and distribution. For reasons of both efficiency and political principal, Republicans should prefer that this enormous investment be directed by the men of business, not the men of government. Therefore, it would seem, the Ford administration has no genuine interest in sustaining the theological position of the House caucus.

Opportunity beckons. Surely, the President would prefer to see that tax bill rewritten closer to his original guidelines and purpose. The oil state senators have promised us an "extended debate" to protect their half-century-old depletion allowance. The two objectives are not mutually exclusive; perhaps an accommodation, beneficial to both, and us all, can be reached.

GOLD STRIKE IN PENTAGON

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SCHROEDER. Mr. Speaker, an "extra" $21.5 million has been found in U.S. accounts to send military aid to Cambodia, the Ford administration claimed yesterday.

I must say that, in view of such diligence, I am inclined to suggest that Congress present the "administration officials," anonymous but appreciated, a "finder's fee" so that they will be encouraged in their work. We need their help in finding money to cover the national debt, so that we may balance the budget, or to fund Head Start adequately at least.

These "anonymous but appreciated" public servants have quite a history in "finding" unnoticed and unaccounted-for moneys. We should entrust them with this responsibility on a full-time basis so that our economic crisis can be solved.

In this connection, I am reminded of Art Buchwald's column of last year:

GOLD STRIKE IN PENTAGON

(By Art Buchwald)

It received hardly a mention in the newspapers, but the Pentagon last week just happened to "find" $266 million it didn't know it had.

It seems that the Defense Department had asked for $1.6 billion for aid to South Vietnam, but Congress had voted only $1.2 billion. Instead of the Pentagon getting upset by the cut in funds it announced that had "found" $266 million which could make up the difference.

How did the Pentagon find the money? It's a very interesting story.

Two weeks ago two cleaning women in the Pentagon were working late at night in the basement of the building. One of the ladies was a new employee and she opened what she thought was a broom closet. Instead of brooms and mops she saw neatly piled stacks of brand-new $100 bills.

"Henrietta," she said to the lady she was working with, "there ain't no brooms or mops in that closet. How am I supposed to get my work done when all they keep in there is money?"

Henrietta came over and looked in. "Heavens to Betsy, you're right. They expect us to clean the floors, mop the halls and dust the furniture, and they don't even give us the tools to do it with. Let's find the supervisor."

They brought the supervisor back. He peered into the closet and became angry. 'If I told them once I told them a 100 times the only thing I want to see in broom closets is brooms. I'm going to get the duty officer."

The duty officer, a colonel, was asked to come to the basement. When he showed up he couldn't believe his eyes. "How much money do you think there is in that closet?"

" 'Bout $266 million," Henrietta said. "Now what about our mops?"

The colonel rushed off to call his supervisor at home. "General, the cleaning women just found $266 million in a broom closet in the basement."

The general was furious. "Why are you bothering me at home at this hour about $266 million? Turn it over to lost-and-found."

"Yes, sir," the colonel said.

The next day the lost-and-found officer put out notices on all the bulletin boards in the Pentagon which read: "If anyone has lost $266 million in new $100 bills, kindly pick it up as soon as possible at lost-and-found. If the money is not claimed within the week, it will be turned over to the South Vietnamese Government."

Although there are thousands of people working at the Pentagon, no one admitted to owning the money. This caused some wild speculation. The Army said the Navy had hidden the cash in the broom closet so they could buy an extra submarine when no one was looking. The Navy said the Air Force had stashed it away for the next overrun on a new Lockheed cargo plane.

In any case, no one claimed the cash and it was turned over to six cadets of the South Vietnamese Marine Corps who were returning to Saigon after a visit to Parris Island.

But the discovery of the money caused a storm at the Pentagon. The Secretary of Defense, in a very tough memo to all personnel, said, "There will be no more storing of unaccounted funds in broom closets.

"These closets will be used in the future solely for cleaning utensils. If there is one thing I will not stand for as long as I am Secretary it's a dirty Pentagon."

NATIONAL TRANSPORTATION WEEK

HON. THOMAS F. EAGLETON

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Tuesday, March 18, 1975

Mr. EAGLETON. Mr. President, few things are as vital to the economic welfare of the people of Missouri as adequate transportation, Missouri has prospered largely because of its superior network of highway rail, air, pipeline, and waterway transportation facilities. All communities in Missouri, from metropolitan areas to the smallest farm centers, share equally in the good things of life, because of the unparalleled transportation system serving the American people everywhere.

Transportation plays a significant role in virtually every facet of the production, distribution, and consumption of goods. While the contributions of transportation to the national economic well-being take precedence over other considerations, a people's political and military success are directly related to the facilities for moving people and property from one locality to another. Also, good transportation, along with efficient communication, makes possible unity and cooperation among scattered peoples.

Economic factors are in general the most important in the development of a nation's transportation. Commercial and industrial growth stimulate invention and innovation in agriculture, mining, and manufacturing, which in turn, tend to increase demand for transportation. Mechanization makes possible a greater division of labor, which increases productivity. Large scale production becoms possible if extensive markets can be developed; this calls for the interacting effects of industrial and commercial progress.

Transportation is both a cause and a result of an advancing society. Especially in modern times, transportation development has reflected the rate of advance of a country.

Transportation has had a profound influence on the currents of history. What nation has become great that did not give major attention to the development of transportation?

Human beings have demands, both personal and collective, that can be satisfied only by transportation services.

Solving transportation problems of the future will depend largely on viewing transport as a whole, without favoring one from the other. Also, any successful transportation plans and policies will need to be an integral part of a broad economic and social development plan.

No man is an island unto himself nor is transportation, but rather we are dependent one upon the other.

Good transportation is a main artery of progress, it is therefore most fitting that we salute the dedicated men and women making up our vast transportation systems on the occasion of National Transportation Week, May 11 to 17, 1975.

National Transportation Week is a nationwide project of Traffic Clubs International, sponsored in conjunction with the National Defense Transportation Association, shipper and business groups and chambers of commerce, and the Department of Transportation, to focus attention on both the achievements and the challenges of the transportation industry in the United States, and otherwise help to create a better understanding and appreciation for its capabilities and objectives.

DR. PETER TOMA

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BOB WILSON. Mr. Speaker, Dr. Peter Toma, a respected scientist and a member of my constituency, has devoted 19 years of his life to the creation and realization of the first large-scale universal computer translation system. This system is SYSTRAN. It adds to the scientific prestige of the United States, because it places this country ahead of all others in overcoming language barriers automatically. Its Russian-English system has been used by our Air Force daily since 1970 to translate Soviet material; both its Russian-English and English-Russian systems will play important roles during the forthcoming Apollo-Soyuz joint space maneuvers. Meanwhile, the Soviets are still working on their own English-Russian system, but have not been able to bring it up to the level of SYSTRAN, the U.S. system.

SYSTRAN also has Chinese-English and German-English systems which have been demonstrated to Government officials and, in addition, an English-French system which is being considered for use by a private contractor.

As head of a small business concern, and as an inventor, Dr. Peter Toma needs protection. But because a patent application for a much smaller and far less complex computer program was denied—and later appealed before the Supreme Court, which sustained the denial because of the simplicity of the program—the Patent Office denied Dr. Toma's application, despite the great differences between the simple program which set the precedent and the immense complex of programs for which Dr. Toma seeks patent protection.

The general counsel of the Department of Commerce reviewed Dr. Toma's application and recommended against enactment of H.R. 7769 on the basis of the precedent mentioned earlier and on the patent examiner's interpretation of 35 U.S.C. 101 and 35 U.S.C. 112. Subsequently, Dr. Toma's patent attorney, Mr. Bruce Prout, refuted the arguments presented by the general counsel and found numerous instances of discrepancies and misrepresentations in the general counsel's arguments: for example, the patent officer had withdrawn his objection based on 35 U.S.C. 112. In addition, the general counsel totally overlooked the Court of Customs and Patent Appeals' decision in *In re Knowlton*, 178 USPQ4 486, which did allow that the appellant's computer program was patentable.

Counsellor Prout concluded that—

It is now time for the Congress to act and call not only the Patent Office's attention but the Court's attention to the express language of 35 U.S.C. 100, 101, which authorize patents for a "new and useful—machine" and a "new use of a known—machine" which would clearly encompass a program method for operating a computer machine.

It should be pointed out that this reflects the opinion delivered by Mr. Justice Douglas in the precedent-setting case referred to earlier. Mr. Justice Douglas, in his summary, concluded with the words:

The technological problems tendered in many briefs before us indicate to us that considered action by the Congress is needed.

TENNESSEE RIVER VALLEY ASSOCIATION BACKS NUCLEAR POWER DEVELOPMENT

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. EVINS of Tennessee. Mr. Speaker, the Tennessee River Valley Association, composed of business, civic, and power distributor leaders from throughout the Tennessee Valley, has announced its support of nuclear power development.

Certainly the support of this distinguished and influential group is vitally important, and because of the interest of my colleagues and the American people in this most important matter, I place in the RECORD an article by Reporter Nat Caldwell in the Nashville, Tenn., Tennessean:

RIVER GROUP BACKS N-PLANT AT HARTSVILLE

(By Nat Caldwell)

The Tennessee River Valley Association yesterday approved TVA's Hartsville nuclear plant, in particular, and TVA's program for building 17 nuclear plants, in general.

The association, a valleywide business, civic, and power distributors' group, whose chief goal is industrial development, held its quarterly meeting here yesterday and Monday.

The pro-Hartsville nuclear plant resolution was sponsored by two electric cooperative managers, Charles Stewart, Bowling Green, Ky., and Louis Wise, Columbus, Miss.

Because several supporters of their position and several who urged caution in the nuclear advance sought an amendment urging a speed up in coal research and encouragement of coal mine expansion, the sponsors agreed to leave a final drafting of both positions to the association's executive committee.

Al Smith, Russellville, Ky., publisher, and Ralph Minor, Virginia cooperative manager, both urged that expedited research on coal gasification, liquefaction, and MHD be speeded up to offer alternatives to nuclear power.

On Monday night, John Seigenthaler, publisher of the *Tennessean*, had warned the group that all the answers on nuclear power are not in yet. He said:

"I am not yet satisfied with all of the answers that the TVA board has offered to questions raised by some nuclear scientists as to the safety of radioactive waste materials, transportation of nuclear fuels, or the prospects of a so-called class nine accident."

The publisher said that "this does not mean that there are answers to be found . . . the developing technology may provide adequate answers."

Seigenthaler continued:

"As a representative of the press, this is one area where I intend to continue to question . . . because the destructive power of nuclear energy is well known . . . just as its constructive uses may be boundless."

The association president, Tom Green, president of the Third National Bank of Nashville, said that he considered that—from now on—the group's chief goal should be developing the Tennessee Valley into the energy capital of the United States.

Green insisted that the odds "are very good that the people and their institutions are capable of achieving this goal, if they will get in step and work toward it."

"SPIRIT OF '76"

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. GILMAN. Mr. Speaker, recently I was pleased to have conducted a contest for high school seniors in the 26th District of New York on the subject of the "Spirit of '76" and what it means to them as citizens.

Because of the intense feeling of pride that these essays exhibit for accomplishments of our Nation in the 200 years since our Nation was founded, it is my privilege to submit for the review of my colleagues, three essays which won honorable mention in the contest. These essays were written by Calvin Mendelsohn of the senior class of Nanuet Senior High School, Nanuet, N.Y.; Kerry Ann Metzler of the senior class of Marlboro Central High School, Marlboro, N.Y.; and David Ehrman of the senior class of Suffern High School, Suffern, N.Y. The essays follow:

OUR NATION'S BICENTENNIAL

(By Calvin Mendelsohn)

Ten score years ago, the founders of our land wrested power from their colonial rulers through revolution. The principal aim of this revolution was to establish a working democracy in which the average citizen could exist with minimal interference from the government. To insure this, freedoms of press, speech, and religion were assimilated into our government in the Bill of Rights.

Those freedoms guaranteed above served as an impetus for immigrants to flock to our shores. Those who came valued personal freedom over the realities of an immobile hierarchy in Europe. They strove hard to preserve that freedom which we hold so dear by bearing hardships such as climatic extremes, crop failures, and economic hard times.

And our democracy flourished. Those who

came learned that they actually *could* influence governmental decisions and *would* be listened to if they suggested governmnetal reform in our system. Our citizens learned how to effect change through direct participation in government.

It is through the implementation of constitutionally guaranteed freedoms that our nation stands today. This tradition of free participation in government must continue, if we are to successfully handle the urgent economic problems of today. Only by putting our minds together therefore, will our nation be self-sufficient and truly prosperous. By doing this, we will secure the future and self-esteem of our glorious democracy, on the dawn of our nation's bicentennial.

SPIRIT OF '76

(By Kerry Ann Metzler)

America's Bicentenial means many things to me, but most outstanding is the phenomenal rate that our country has grown in 200 years. We have managed to maintain a level of growth and achievement second to none. This is proof positive that our system of government not only works but works well.

The most important reason for success was a democratic government set up "by the people". The Bill of Rights was the key ingredient needed to spur growth in our young land. The government granted certain inalienable rights to all citizens, and this inspired them to rise to their fullest potential. This benefited not only the individual but the Nation as a whole. This, in my opinion, is the reason for the United States attaining its present world position.

We were indeed fortunate not to be repressed or enslaved as many peoples of the world were (and still are). Instead, our resources, both physical and mental, were tapped to the fullest by one driving force—freedom. It was this inherent need for freedom that brought about the colonization of America, and it continues as the dominant factor in our lives today.

Where do we go from here? We must not be content to stand still and become complacent. Our forefathers set an example for us to follow. Hard work, long hours, sacrifices—these are all words we hear today and we complain. If we all pull together we will be able to celebrate our Bicentennial with pride. We should all realize that growth is the key to success, and success is attained through good government.

SPRIT OF '76

(By David Ehrman)

The United States was founded on the concept of democracy—with liberty and justice for all. There is a gap between the concept and its fulfillment. But it is important to realize that we're progressing along these lines. Throughout our history Americans have strived for a society characterized by liberty and justice. The trend of American social change definitely shows us how society and goverment have been improved, with more Freedom and responsibility delegated to the people. This trend is illustrated by Constitutional Amendments.

This progressive trend, and other institutions, have ingrained in Americans a great sense of moral ethics. There are few governments that when confronted with a crisis like Watergate, rise to the occasion and resolve the problem with integrity and honesty prevelant, America staunchly defends what is right, while lesser nations bow to economic pressures.

As our Bicentennial approaches, Americans can look at themselves and see a great nation. One that has remained true to it's original ideals. Today times are turbulent as they've ever been. People the world over are giving up hope. But Americans believe in democracy, which places importance on individuals, and is characterized by cohesive groups and personal relationships. This has helped Americans respond better than other peoples in the past. Today we have people of all races working to continue our progressive trend. They have the ingredients it takes to bring peace and stability in our world.

A CASE AGAINST TAMPERING WITH TAX EXEMPTION

HON. JAMES R. MANN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. MANN. Mr. Speaker, Grady L. Patterson, Jr., distinguished treasurer of the State of South Carolina for over 8 years, is well known for his acute understanding of the financial complexities of the federal system of government. He has been active in the fight against tampering with or destroying the tax exempt status of State and municipal bonds, an issue which has come up repeatedly in the House Ways and Means Committee's periodic consideration of general tax reform legislation. In the January 1, 1975, edition of the Municipal Finance Officers Association's Special Bulletin, Mr. Patterson compiled some convincing constitutional and practical arguments against the modification, alteration or destruction of the tax exemption of State and municipal bonds. The entire article, which is somewhat lengthy, is available from my office. In view of the tax hearings coming up this summer, however, I think it appropriate and worthwhile to share Mr. Patterson's well-reasoned conclusions with my colleagues.

A CASE AGAINST TAMPERING WITH TAX EXEMPTION

(By Grady T. Patterson, Jr.)

CONCLUSIONS

In conclusion, the legal basis for the tax exemption of interest paid on state, municipal and political subdivision bonds is anchored in the bedrock of the United States Constitution. This legal principle has been recognized by the U.S. Supreme Court since the early beginning of this Republic (*McCulloch* v. *Maryland,* 1819) and has been enunciated often times over the years since then. The principle is interwoven into the very fabric of the U.S. Constitution.

The record surrounding the adoption of the 16th Amendment to the U.S. Constitution is clear and convincing beyond any doubt that the Congress was not given new authority to tamper with the tax exemption of state and municipal bonds. Indeed, the overriding, compelling conclusions by almost all who spoke to the issue shows that tax exemption was not to be altered, modified or destroyed (by the 16th Amendment). Any optional or voluntary taxable bond arrangement would do violence to the same constitutional principles. The very heart of the issue is sovereignty and separation of powers. It cannot be mandatorily taken away by Congress. Neither can it be optionally or voluntarily bartered away in the form of a federal subsidy.

Thus, any alteration, modification or tampering with tax exemption will be met immediately by court challenge which will cause chaos in the bond market for an extended period of time. There is no showing of a need to broaden the municipal bond market. Indeed, the record of bond sales over recent years indicates municipal bond sales have decreased.

Taxes will be increased under any taxable bond arrangement, either at the state level or the national level. This fact is blandly brushed aside by the proponents of a taxable bond. There is no way to make a tax exempt bond taxable without increasing the cost to the taxpayers. Even proponents of a taxable bond admit that the subsidy arrangement would cost the taxpayers more in interest payments than it would recover in taxes on the proposed taxable interest.

Actions of the past are best indications of the future, and one only has to recall any federal program to visualize what the Federal Government would do with an interest subsidy on a dual coupon arrangement. The very life blood of the several states would be strangled and the states would be reduced to federal districts comparable to those which exist in France and other nations.

Among the greatest threats of all would be the threat of repeal of a taxable bond arrangement, or interest subsidy. There would be nothing to prevent a subsequent Congress from repealing a subsidy established by a former Congress, or if the subsidy payouts should far exceed the expectations of Congress, it [Congress] could place a limit on the amount of the subsidy to be paid out, which would then bring on delays in issuing state bonds, as well as priority determinations by the Federal Government and many other problems.

There is nothing evil or wrong with commercial banks, property and casualty companies and individuals buying municipal bonds. State and municipal bonds are issued for desirable, legitimate and worthwhile public purposes. Commercial banks are supervised in the public interest. What is wrong with institutions chartered in the public interest buying securities and bonds issued by public entities in the public interest in a free enterprise and open marketing system?

We have a free enterprise and open municipal bond marketing system which is working very well and has worked very well since the founding of the Republic. I vigorously reject efforts by a few persons continually attempting to brainwash the Congress and the public into believing that Congress should tamper with tax exemption and destroy it. As I told the Committee on Ways and Means, U.S. House of Representatives, on April 2, 1973, "Frankly, I do not want the Congress to do us any favors. We are satisfied with the present public securities marketing procedures. Most people come here and appear before your Committee wanting something. We do not want a thing. We just want to be left alone."

CARGO THEFT

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. PICKLE. Mr. Speaker, for several years now I have been closely studying the vast impact that cargo theft has on the American public. Businesses involved in transportation, and ultimately, the consumer, have had to pay billions over the years because of this continuing plague.

There is plenty of blame for all groups involved—the industry, the unions, the Congress. The only side which seems to be doing an admirable job in dealing with cargo theft are the thieves, repre-

sentatives of the Nation's greatest profiteers, organized crime.

Hopefully the 94th Congress will come up with viable legislation which can reduce the tremendous losses caused by these culprits who prey upon the transportation industry. It is long overdue. DOT has turned away from action. The DOT and Justice are delaying and postponing.

An Associated Press article in the Washington Post describes how this insidious practice works, and I insert it in the RECORD.

HIJACK CENTERS TRUCKS IN GREATEST DANGER IN NEW YORK, NEW JERSEY

(By Joseph Di Leo)

A quarter-mile off Route 28 in Somerville, N.J., a truck-driver from Fort Lee is chained to a tree. He's hungry and cold. His rig, loaded with whisky from a ship docked in Hoboken, has been stolen.

They grabbed him on Route 440 in Bayonne. Three guys. One of them, the gunman, had jumped onto the running board of his rig and ordered him to stop. Then they took the driver to Somerville and chained him to the tree. It was midwinter and very cold, but the driver survived.

The Bayonne hijacking is just one of nearly 50 in New Jersey in the last two years. The FBI calls hijacking one of the major federal crimes in New Jersey, a trucking corridor state between the business and industrial centers of New York and Philadelphia.

"Hijacking in the New York-New Jersey area is worse than anywhere else in the country," an FBI spokesman said. "This is because of the volume of trucking and the number of trucking outlets. Hijackings don't occur too often in places like Alabama. But here, with all the trucks on the road, a hijacked trailer can be hauled away in traffic without being noticed."

The spokesman said the FBI does not compile a dollar figure on the amounts hijacked, but noted that thieves stole 175 parked trailers in the past two years in addition to the hijacks.

According to the Interstate Commerce Commission, hijacking and truck pilferage losses for 700 major carriers in the country totaled $6.4 million in 1973.

Many times, a hijacking begins on the street, with nonprofessional thieves the police call "cowboys." They hang around poolrooms and bars, waiting for a job. Often employment comes from another cowboy with information about a valuable load being shipped somewhere.

Then there are others, semiprofessionals or men connected with organized crime. They make it their business to know which rig is carrying Chivas Regal or color television sets, what time it is due to depart or arrive at the terminal and where the driver stops for breakfast.

"They have to have some sort of connections—an inside man—to pull a successful hijacking," said a spokesman for the Waterfront Commission of New York Harbor. "And they have to have a place to get rid of the stuff."

The hijackings in New Jersey generally follow a pattern: The truck driver is pulled over, usually at gunpoint, and ushered to a waiting car. Sometimes he's locked in the trunk. The gunman then takes the rig while one or two confederates drive the trucker around the countryside and eventually drop him off. Sometimes the driver is tied to a tree or left naked. Rarely is he hurt.

"Most hijackers will take the driver's license and threaten to kill him, because they know his name and address, if he calls the police too soon," Chief of Detectives Martin Greenberg of Hudson County said.

One New Jersey trucking industry spokesman said some firms are having difficulty obtaining insurance because of hijacking and pilferage. ICC regulations require all common carriers to have cargo insurance.

But a spokesman for the American Trucking Association in Washington said: "I don't know of any companies that have complained because of an extraordinary high cost for cargo insurance." He said firms paying high premiums might not want to talk about it because it might lead shippers to believe they were not security conscious.

Some trucking firms say they have gone to great lengths to beef up security.

John Mazzei, security chief for Transcon Lines, one of the nation's largest truckers, said companies now send valuable loads with an armed escort.

"Usually, it will be one or two men following the truck in a car," Mazzei said, noting the escorts often carry shotguns. He said some firms use off-duty policemen or private detectives as escorts.

An American Trucking Association spokesman in Washington says the security technique depends on the load and its value.

"For instance, with distilled spirits, cigarettes, electric razors, televisions, many companies require the driver to check in with them periodically when he's in a major metropolitan area," the spokesman said. "The finished garment carriers have alarms in the trailer which go off when the trailer is opened.

"Another system that frankly we're trying to promote is the use of roof-top numbers that would identify each trailer. This would facilitate identification from police helicopters."

Even with such strict security, hijackings occur frequently in New Jersey. A spokesman for the Waterfront Commission said a load of whiskey recently was hijacked on Route 22 near Plainfield despite the fact it was part of a three-truck convoy being followed by an armed escort.

"Someone in a car cut off the escort vehicle, forcing it to catch a red light," he said. "Then someone hijacked the third truck and drove it around a corner while the two other trucks were rounding a curve."

An FBI spokesman tells a story about a botched-up hijacking by a group of inept cowboys. The thieves heisted a truck loaded with magazines and had no place to fence them. Poor planning.

"Usually the hijackers know what they are going to do with a load before they steal it," said J. Wallace LaPrade, head of the FBI in New Jersey.

LaPrade said that usually there is a market for anything that is hijacked. He said that hijackers prefer to sell their "swag," or hijacked goods, in bulk lots, often to retail stores or professional people who need the particular goods.

For example, according to one police source, a load of X-ray film hijacked in New Jersey recently was peddled to a handful of doctors. Chief Greenberg said would-be hijackers, many with inside information, look for merchandise that is in scarce supply or selling at high prices at legitimate retail outlets.

"At one time, a major item was meat," Greenberg said. "Now sugar is popular, and often the hijackers sell it directly to bakeries." A year ago, it was gasoline, he said.

LaPrade said some fast-moving items are standard. These include whisky, cigarettes, clothing, metals that can be melted down, antifreeze and toys.

Other items fluctuate in popularity. A hot item in New Jersey this winter, according to police, is the pocket calculator. Another is the digital clock radio.

Once a load is hijacked, it must be transferred to another trailer, stored in a warehouse or sold to a fence.

Items such as television sets can be stored until all are fenced or sold at the expected price. Perishable stuff, such as food, must be sold quickly.

Sometimes the swag is peddled through fences, who have a regular flow of stolen merchandise, along with a list of regular customers. Some New Jersey fences even take orders and operate their own retail stores. In one such place in Jersey City, toothpaste sell for 25 cents, color TVs for $250, cigarettes for $3 and a bar of soap for a nickel.

You name it, these stores have it, or can get it: shoes, coats, umbrellas, electric mixers, toasters, television sets, tennis racquets and socks.

The swag also is peddled through social clubs and fraternal organizations, where the members—who are tight-lipped about internal matters—get first crack at it.

"Once the stuffs sold, it is difficult to trace," LaPrade said. He said that many shipments carry serial numbers only on bulk lots.

VETERANS DAY AND MEMORIAL DAY

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, I am today introducing two bills—one to retain May 30 as Memorial Day, and the other will designate the 11th of November, of each year, as Veterans Day.

Since 1968, when the Monday holiday law was passed, I have endeavored to restore these holidays, which are significan to many, many, Americans to the dates as they were originally namely—May 30 as Memorial Day and November 11 as Armistice Day or Veterans Day.

For many years we celebrated these 2 days with solemn observances with our veterans organizations. Somehow however, the changing of these dates took something away from the spirit and reason for the observance of these days. Our young people are seldom taught what these dates stand for, or when they are it is difficult for them to understand how then, the Congress could change them. Every child knows his birth date and he knows it cannot be shifted. That is a holiday and celebration he can count on annually. We used to be able to count on Memorial Day being May 30, and Veterans Day being November 11, but now each year we have to consult a calendar to figure out what Monday these days will be observed.

Currently there are 41 States, including Florida, which celebrate Veterans Day on November 11 despite the Federal Monday holiday law. This is strong evidence that the majority of our people do not like the redesignation of Veterans Day. As a veteran I can understand this.

The American Legion and other veterans organizations have been urging for years that these 2 days be restored to their proper dates.

I think, therefore, that it is time that we take affirmative action to restore meaning to these two holidays and return them to their original dates. November 11 is a day both unique in history and appropriate for honoring the Americans who have served in our armed services in defense of freedom around the world. It was selected as Veterans Day,

because it was at the 11th hour of the 11th day of the 11th month in 1918 that the armistice was signed which ended World War I.

The Monday holiday law did not change Christmas from December 25 or Thanksgiving from the last Thursday in November, and it should not have changed these 2 days sacred to the men and women who have fought to preserve our way of life.

"CAP'N BOB" GRAY PASSES AT AGE OF 93; SERVED IN FLORIDA CABINET 31 YEARS

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. FUQUA. Mr. Speaker, one of the Nation's greatest statesman has passed from our midst. R. A. "Cap'n Bob" Gray died last Thursday at the age of 93.

A distinguished journalist as a young man, he was to serve as Secretary of State for Florida for 31 years. I came to know this gentleman when I was a member of the Florida Legislature for two terms. If there were two things for which I will remember him always, they were his love of his fellow man and his integrity.

It is interesting to note that he served in the office of U.S. Senator Park Trammell at one time.

The hearts of all Floridians are saddened at his passing. I can only add that my life has been brightened by the many letters he wrote to me, even during these past few years. He was a thoughtful gentleman and all of us who knew him will never forget his example.

As a further tribute to this distinguished gentleman, I would like to add the following story from the Tallahassee Democrat of March 13, 1975.

R. A. GRAY, EX-OFFICIAL, DEAD AT 93

R. A. "Cap'n Bob" Gray, 93, died at 2 a.m. today at Tallahassee Memorial Hospital after a brief illness.

Gray was secretary of state for 31 years, from 1930 to 1961 when he retired. He had held the post longer than any other secretary.

On learning of his death, former Gov. Millard Caldwell, with whom Gray had served on the Cabinet, commented: "Cap'n Bob can be regarded as a first class citizen. He did a good job, he was always dependable. He was a fine public servant."

Gray was born in 1882 on the Gaines Plantation in Grady County, near the Georgia-Florida line, the son of a Methodist preacher.

When he was six months old, his parents, the Rev. and Mrs. W. J. Gray, moved to Florida where his father preached in several communities in Wakulla, Gadsden and Liberty counties.

Captain Bob atended school in a one-room, log-schoolhouse. Three quarters of a century later he would recall, "We moved around a lot, usually around Christmas. In the new place, the books were different. My father would say it cost so much to move we couldn't afford the books right then. I had to study looking over my deskmate's shoulder."

Gray's political career began early as a clerk in the House of Representatives and in the Senate. He was elected to the Legislature in 1911 from his home county of Gadsden.

During his first session he sponsored the uniform textbook bill which became law and is still on the books.

Later became secretary to U.S. Sen. Park Trammell from Florida and attended Georgetown University Law School while in Washington, D.C.

He held numerous honorary degrees and titles, including LLD. A descendent of Civil War heroes, he was a captain in the army in World War I, and was married to the late Grace Mullins of Bartow. She died in 1955.

Gray was a Mason, having taken both York Rite and Scottish Rite degrees, and a member of the Shrine. He was Past Master of Jackson Lodge No. 1, and a member of the Elks, Woodmen of the World, Grotto' Moose, Knights of Pythias and the Order of Eastern Star where he served as Worthy Grand Patron.

He was a Methodist and served on the official Board of his Church for 40 years. He was a trustee of Wesleyan College in Macon and served as Chancellor of Florida Southern College in Lakeland.

He was a charter member of the Tallahassee Rotary Club and a past president. He was executive chairman of the Tallahassee Centennial in 1924.

July 30, 1972 was celebrated as "R. A. Gray Day" in Tallahassee, honoring more than 60 years of service to the city and state.

Survivors include several nephews and their families. Funeral services are set for 2 p.m. Saturday at Trinity Methodist Church with burial in Oakland Cemetery. Officiating will be the Rev. Ed Norman of Trinity and Dr. Ed Hartz of Florida State University, Culley and Sons Funeral Home is in charge of arrangements.

NATURAL GAS CURTAILMENTS

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. UDALL. Mr. Speaker, I would like to bring to my colleagues' attention a critical energy problem now facing the State of Arizona and a number of other Western States.

The problem concerns the disruption of western agriculture which will almost certainly occur as the result of a recent decision by the Federal Power Commission in a natural gas curtailment proceeding. This decision, Opinion 697-A, requires the El Paso Natural Gas Co. to reclassify gas used for irrigation pumping from priority 2 to a lower priority industrial classification. This action increases the likelihood that irrigation pumping will be subject to curtailment as early as the winter of 1975-76.

The States affected by this specific ruling are Arizona, California, Nevada, New Mexico, and Texas. Yet as this policy is applied to other pipeline companies over which FPC has jurisdiction, other States in the West and the Great Plains will also be affected.

ACREAGE AFFECTED

We are only now beginning to receive detailed information on the probable effects this ruling may have on the farm sector. The information we have so far has had to be developed following the FPC's ruling since to the best of our information the FPC's decision was unilateral and made without the benefit of hearing evidence. We have found, for example, that irrigated cropland harvested represents more than half the cropland harvested in each of seven Western States. In two of these States, plus three Midwestern States and Louisiana, natural gas is the fuel source for 20 percent or more of the irrigation power units. A detailed listing is given in table 1.

TABLE 1.—PRINCIPAL STATES USING NATURAL GAS FOR IRRIGATION

State	Percent of irrigation power units using natural gas [1]	Acreage irrigated (thousands) [2] [4]	Percent of cropland harvested which is irrigated [3]
Kansas	60	2,361	8
Texas	60	8,500	32
Oklahoma	40	758	6
New Mexico	30	1,069	65
Arizona	20	1,150	100
Louisiana	20	676	21
Nebraska	15	5,338	20
Colorado	7	3,140	42
Arkansas	5	1,699	15
Wyoming	4	1,798	66
California	2	8,759	83
Idaho	2	3,872	58
Utah	2	1,680	72

[1] "Irrigation Journal", survey issue, 1974.
Ibid.
[3] "1969 Census of Agriculture," vol. IV, chart 6, 1973.
[4] Includes acreage irrigated by methods other than natural gas.

AGRICULTURAL PRODUCTION AFFECTED

The States listed in Table 1 include some of the most productive agricultural regions in the United States, in terms of both livestock and crop production. In fact, irrigated acreage in eight of the States most heavily dependent on natural gas, produces 25.2 percent of the Nation's cotton, 47.5 percent of the orchards, 40.5 percent of the grain sorghum and 47.6 percent of the vegetables. These estimates were developed recently by Prof. James E. Osborn, chairman of the Department of Agricultural Economics at Texas Tech University. His more complete analysis is contained in Table 2.

TABLE 2.—PRELIMINARY ESTIMATES OF PERCENT OF PRODUCTION OF AGRICULTURAL COMMODITIES FROM IRRIGATED ACRES IN 8 STATES [1]

[By James E. Osborn] [2]

Commodity (units)	Total (thousands)		8 States as a percent of United States
	8 States	United States	
Alfalfa (tons)	10,814	78,343	13.8
Barley (bushels)	44,370	430,181	10.3
Corn (grain) (bushels)	488,421	5,643,256	8.6
Corn (silage) (tons)	11,765	109,848	10.7
Cotton (bales)	3,268	12,958	25.2
Irish potatoes (hundredweight)	19,961	297,352	6.7
Orchards (dollars)	786,802	1,656,130	47.5
Sorghum (grain) (bushels)	377,670	936,587	40.5
Vegetables (dollars)	590,979	1,242,600	47.6
Wheat (bushels)	66,180	1,716,993	3.8

[1] Arizona, California, Colorado, Kansas, Nebraska, New Mexico, Oklahoma, and Texas.
[2] Professor and chairman of the Department of Agricultural Economics, Texas Tech University.

If irrigation gas curtailments actually take place over the next year or two, the spectacle facing us may include the severe disruption of the Nation's food and fiber supply as well as the heavy

losses incurred by many individual farms and farmers.

Farmers who plant their crops run the risk that gas shortages may lead to curtailed irrigation operations and therefore crop damage and losses.

Other farmers may simply be unable to plant if the possibility of water shortages leads banks to withhold their usual lines of farm credit.

The Southwest Natural Gas Consumers Association—SNGC—has already obtained sworn testimony illustrating the farm credit problems that may arise. Here are some excerpts from the February 28, 1975, exchange between Mr. Larry L. Lamb, an attorney retained by SNGC, and Mr. Don Workman, senior vice president in charge of all agricultural lending for the First National Bank of Lubbock, Tex.:

LAMB. Mr. Workman, in the Plains area of Texas, what are the two largest agricultural centers?

WORKMAN. The First National Bank of Amarillo and our bank are one and two, in agricultural lending in the State . . .

LAMB (later). Do you, as a banker, feel that eighty to one hundred million dollars of your current loans might be in jeopardy in the event that the Federal Power Commission decision to curtail natural gas goes into effect?

WORKMAN. I would say at least half of that amount would be, forty to fifty million dollars, because those would be the long-time loans we have made depending on a constant flow of gas.

The other thing would be our operating loans that are just getting started. We wouldn't approve them, the majority of them. And our loans would be smaller throughout the year than they would be, plus the unfairness to the farmer on inability of him to get financed. And I would expect the only place he could get financed is through the Farmers Home Administration without reliance on some form of constant flow of gas.

CONVERSION TO OTHER ENERGY SOURCES

Farmers seeking to avoid curtailment by converting to other fuel sources will be confronted by many difficult problems, including: high capital costs of conversion, higher operating costs, and shortages of alternate fuels or electric generating and distributing capacity.

The Arizona State Fuel and Energy Office estimates the capital cost of converting to gasoline or diesel fuels would fall somewhere between $2.3 million and $27.8 million in Arizona alone. The Office points out this is for engine conversion only and excludes the costs of storage tanks. These estimates were developed using the following assumptions:

Small engines (70 hp or less): engine replacement cost=$1500 to $3000. Engine conversion cost=15 to 20 percent of replacement cost.

Large engines (125 to 500 hp): engine replacement cost=$6000 to $30,000. Engine conversion cost=30 to 50 percent of new engine cost.

Ths Office has also developed estimates of operating costs using other fuel sources. The $10.6 million Arizona farmers now pay each year for 11.3 million MCF of natural gas would rise to $29.2 million using No. 2 fuel oil—diesel—or $94.5 million for electricity.

Unfortunately, these other energy sources may simply be unavailable in a number of States and local areas. In New Mexico the State fuel allocation officer has already officially certified the State's supplies of gasoline, diesel, propane, and electric energy would be inadequate if called upon to substitute for all the natural gas used by New Mexico's irrigation wells. In Arizona the Sulphur Springs Valley Electric Cooperative has advised us it has sufficient capacity to absorb only 14 percent of the horsepower load now served by natural gas in its service area.

A final problem concerns the availability of replacement engines and equipment. While some conversions could no doubt be undertaken within existing inventories, it is unlikely that widespread conversion could be accomplished simultaneously in several States, especially in time for the next growing season.

STATUS OF THE FPC RULING

On February 26, 1975, the FPC advised me that three petitions for judicial review of Opinion No. 697–A had been filed: by Pacific Gas & Electric, San Diego Gas & Electric, and the Arizona Public Service Co. In addition SNGC has filed a motion with FPC requesting that it be allowed to intervene in the El Paso proceeding:

SNGC, if granted leave to intervene . . . , will move for a reconsideration of the priority afforded natural gas for irrigation pumping . . . , or in the alternative for an order postponing implementation of the reclassification . . . for the duration of the 1975 growing season, and requesting a Hearing.

It is my understanding that other parties also may have filed petitions with FPC requesting reconsideration, clarifying orders, or rehearings.

Of course, it is not possible to foresee when and how these various petitions and motions will be resolved. However, the alleged mishandling of the irrigation pumping issue, along with the important national interest in seeing that FPC properly allocates a scarce national resource, both argue for further evaluation of the curtailment program. In this regard, I am pleased to note that Representative DU PONT some months ago called for an evaluation to be undertaken by the General Accounting Office—GAO. The GAO review, which should be completed in a few months, will report on the adequacy of FPC's regulation of the curtailment activities of the interstate natural gas pipeline companies.

ACTIONS NEEDED

Pending the outcome of the previously described legal actions, there are six steps each of us might consider taking to insure fair treatment for the farmers.

First. Apprise the State public utility commissions of the potential regional and national impact of the irrigation pumping problem so that natural gas needs for irrigation can be comprehensively evaluated. This is an important step since FPC's curtailment priorities extend only to determining how much gas each utility receives from an interstate pipeline. How each utility distributes its gas within a State is governed by each State's public utility commission.

Second. Work with the State public utility commissions and State energy offices to clarify their responsibilities, under FPC regulations, for determining the existence of "alternative fuel capabilities" within each State. The existence of alternative fuels is a prime determinant of whether the local utility and the FPC will grant an irrigation customer emergency relief from curtailment. Yet considerable uncertainty now surrounds the applicability of this clause.

Third. Urge the FPC to act, prior to curtailment, on petitions for extraordinary relief so that relief will be available on a "standby" basis. The idea of granting standby relief would be to speed up the process by which relief is granted. It would offer greater protection, in the event of curtailment, for a farmer whose crop might be damaged within the time required for adjudication of a relief petition, or even the granting of temporary emergency relief.

Fourth. Support the petitions filed with FPC requesting reconsideration or clarification of Opinion 697–A as it affects irrigation pumping. In view of allegations that FPC reclassified irrigation pumping without hearing evidence, it is important that a full and fair reconsideration of this decision be pursued.

Fifth. Support legislation authorizing federally guaranteed loans made for the purpose of converting natural gas-fired irrigation pumps to other energy sources. The farm production and real estate loan programs of the Farmers Home Administration may be suited to this purpose. However, increased funding in fiscal years 1975 to 1977 would most likely be necessary.

Sixth. Evaluate the need for legislatively prescribed changes in FPC's curtailment program which may be recommended in the forthcoming review by the General Accounting Office.

Mr. Speaker, at this point I would like to include in the RECORD the recent exchange of correspondence between my office and the Federal Power Commission:

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 11, 1975.

Hon. JOHN N. NASSIKAS,
Chairman, Federal Power Commission
Washington, D.C.

DEAR CHAIRMAN NASSIKAS: I am greatly concerned by the implications of the Commission's recent opinion (697–A) which requires the El Paso Natural Gas Company to reclassify gas used for irrigation pumping from Priority 2 to a lower priority industrial classification.

This action, which has the effect of increasing the likelihood that irrigation pumping will be subject to curtailment, has serious consequences for the nation's agricultural activities, particularly in my home State of Arizona and other parts of the southwest.

I fully share your view that the problem of curtailments must be dealt with in the long run by increasing gas supplies and encouraging conversion to other fuel sources. In the meantime, however, we must insure that vital irrigation and agricultural operations are not disrupted. I would ask therefore that you undertake the following steps:

1. Consider granting a rehearing on the reclassification of irrigation pumping customers, in response to requests you will undoubtedly receive asking for such a rehearing.

2. Provide my office with detailed information concerning the process by which

individual irrigation pumping customers may seek their legal rights for clarification of their classification, exemption from the reclassification order, and any other opportunities for temporary or permanent relief from the order.

3. Provide my office with clarification of the potential application of the "alternate fuel capabilities" clause, including:

a. How, when and by whom is the applicability of this clause determined?

b. If it is technically feasible for a customer to convert to an alternate fuel, but such conversion would require the customer to incur expenses he could not reasonably expect to recover, does he have a basis for arguing that an alternate fuel capability does not exist? What is the process by which such a customer could present his case?

c. If conversion to an alternate fuel is both technically and economically feasible, but time is needed to purchase, deliver and install the new equipment, can the customer seek temporary relief until installation is complete?

d. If conversion to electricity, for example, is the only technically and economically feasible option but the local power company has insufficient additional generating capacity available, would the customer be treated as if he had no alternate fuel capability?

4. Provide my office with your best estimate of the likelihood of curtailment of Arizona's irrigation pumping customers classified in Priority 2. Priority 3.

In view of the urgency with which this matter is viewed in Arizona, it is my hope that this request will receive prompt attention.

Sincerely,

MORRIS K. UDALL.

FEDERAL POWER COMMISSION,
Washington, D.C., February 26, 1975.

Hon. MORRIS K. UDALL,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN UDALL: This is in reply to your correspondence of February 11, 1975, expressing concern regarding the effect of Commission Opinion No. 697–A on the curtailment priority classification for irrigation pumping.

The serious energy shortage which the country is facing is nowhere more apparent than in our natural gas supply. 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.

With regards to your request for a rehearing on the priority classification for irrigation pumping, pusuant to Section 1.4 of the Commission's Rules of Practice and Procedure, your comments will be included in the public file associated with this proceeding, but separate from the record material upon which the Commission may rely in reaching a decision. As of this date, three petitions for judicial review of Commission Opinion No. 697–A have been filed: a December 19, 1974 petition filed with the United States Court of Appeals for the Ninth Circuit by the Pacific Gas and Electric Company, a January 13, 1975 petition also filed with the Ninth Circuit by the San Diego Gas and Electric Company, and a January 9, 1975 petition filed with the United States Court of Appeals for the District of Columbia Circuit by the Arizona Public Service Company.

A party seeking to qualify for a higher priority under an interstate pipeline company's curtailment program or seeking to obtain a declaratory order by the Commission may file a petition in accordance with the provisions of Section 1.7 of the Commission's Rules of Practice and Procedure (18 C.F.R. Section 1.7). Several procedures are available for seeking relief from natural gas curtailment and these are summarized in the attached "Curtailment Relief Procedures."

In reference to your third inquiry, the Commission ruled in Opinion No. 697–A (enclosed) that the definition of the term "alternate fuel capability" utilized in El Paso's permanent curtailment plan tariff should be in accord with the provisions of Commission Order No. 493–A. Order No. 493–A defines alternate fuel capabilities as follows:

"A situation where an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed. Provided however, where the use of natural gas is for plant protection, feedstock or process uses and the only alternate fuel is propane or other gaseous fuel, then the consumer will be treated as if he had no alternate fuel capability."

This definition of alternate fuel, capability is to be incorporated with the Commission's statement that: "if a particular irrigation pumping use of natural gas involves a use for which atlernate fuels are not technically feasible, and if otherwise consistent with the definition of 'process gas', those requirements would qualify for inclusion in Priority 2 as 'process gas.' "

The initial determination as to a natural gas user's priority classification, a determination which is based in part on the distributor's assessment of the user's alternate fuel capabilities, is made by the local natural gas distribution company which serves him. As mentioned above, procedures have been established whereby relief may be sought from an interstate pipeline company's curtailment program. Thus, given the hypotheticals postulated in paragraphs 3b, c, and d of your letter, the appropriate procedures to be followed by a party seeking relief are determined by Commission Order No. 467–C (enclosed). Concerning the transition period experienced during a natural gas user's conversion to an alternate fuel, temprorary extraordinary relief *pendente lite* may be sought pursuant to Order No. 467–C.

Regardless of whether a petitioner's request for relief is based on factors such as the high cost of conversion to an alternate fuel system (as hypothesized in your paragraph 3b) or the difficulty in obtaining electrical power (as hypothesized in your paragraph 3d), the extent of a natural gas user's alternate fuel capabilities for the purposes of determining whether extraordinary relief is warranted must be developed on the basis of a formal record in the context of an individual adjudication. A statement of general guidelines other than those issued in Opinion No. 697–A in conjunction with Order No. 493–A would run the risk of prejudging a final determination by the Commission.

In response to your paragraph 3d hypothetical, the language defining alternate fuel capability deserves reiteration: "where an alternate fuel *could* have been utilized (emphasis added)." Thus, if a petitioner is able to make a factual presentation on the record in the context of a formal adjudication satisfactorily documenting that no technically feasible alternate fuels are available, then the petitioner's requirements may qualify for inclusion in Priority 2.

Your final inquiry pertains to the likelihood of Arizona's Priority 2 or 3 irrigation pumping customers being curtailed. The statements concerning anticipated curtailment by El Paso that follow should be prefaced by the remark that the jurisdiction of the Federal Power Commission is limited under the Natural Gas Act to producers and pipelines that transport natural gas in interstate commerce or sell gas in interstate commerce for resale. Thus, the curtailment priority guidelines established in Commission Opinions No. 697 and 697–A apply only to deliveries by jurisdictional pipeline companies, but do not apply to deliveries by local natural gas distribution companies to their customers. The disposition and curtailment of natural gas once it reaches the local distributor may be subject to the authority of the Arizona Corporation Commission, Capitol Annex Building, Phoenix, Arizona 85007. You may wish to contact the Arizona Commission in order to determine their policy concerning natural gas service for irrigation purposes.

According to information available to the Commission, El Paso anticipates curtailing into its Priority 5 service during the summer months, this curtailment being primarily for storage purposes. Thus, neither Priority 2 nor Priority 3 customers should be curtailed during the summer. El Paso anticipates curtailment of a portion of its Priority 3 service on an average day basis during the winter and may even curtail into Priority 2 service on peak days.

I hope that this information will be of assistance.

Very truly yours,

KENNETH F. PLUMB,
Secretary.

CURTAILMENT RELIEF PROCEDURES

The Federal Power Commission has issued a Policy Statement which, together with its amendments, sets forth priorities for natural gas service during periods of curtailment by interstate pipelines. These priorities are based upon end-usage of the gas which this Commission believes will best serve the public interest. Under these guidelines, the highest priority is accorded to residential and small commercial users. Most pipelines under FPC's jurisdiction are curtailing under these guidelines.

Several procedures are available for seeking relief from natural gas curtailment depending upon whether the natural gas supply originates with an interstate pipeline company, and whether the user purchases gas directly from an interstate pipeline or from a local gas distribution company which is supplied by an interstate pipeline company.

If the natural gas supply originates with an intrastate pipeline company, no remedy is available through this Commission. Requests for relief in these cases should be directed to the appropriate state authorities, usually the state public utility commission.

Direct customers of an interstate pipeline company have two avenues for seeking relief from their pipeline supplier. This Commission has authorized interstate pipeline companies, where appropriate, to unilaterally grant emergency relief. Thus, a direct customer such as an industrial company or a distribution company on behalf of its customer(s) may request immediate relief from its interstate pipeline supplier to forestall irreparable harm to life or property.

Alternatively, if the relief sought by a direct customer is denied by the pipeline, or if the relief sought does not relate to irreparable harm, a petition for extraordinary relief may be made to this Commission in accordance with the requirements of Order No. 467–C, enclosed. Interim relief may be granted by the Commission if the petition is set for formal hearing, provided the immediacy of the need is demonstrated and the facts warrant it.

A customer of a local distribution company seeking relief from a curtailment program should first petition the local distributor and, if relief is denied, should then seek assistance from the appropriate state authorities, usually the state public utility commission. Once state and local remedies have been exhausted, a local distribution company purchasing its natural gas supplies from an interstate pipeline may petition this Commission for extraordinary relief on its customer's behalf.

YOUNGEST MAYOR TAKES OFFICE

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. MINETA. Mr. Speaker, I rise today to pay a well-deserved tribute to an

amazing young man whom I have had the pleasure to know and work with for a long time.

Mr. Russell J. "Rusty" Hammer will be sworn in as mayor of Campbell, Calif., on March 24. He will be one of the youngest mayors to ever serve a city in the United States and the youngest mayor in California. At the age of 18, he became the youngest elected public official in the country when he won a seat on the Campbell City Council.

I have personally had the privilege of working with Rusty on the Santa Clara County Planning Policy Committee, the League of California Cities, and the Santa Clara County Inter-City Council. He has also held numerous other positions of responsibility, such as treasurer and board member of Economic and Social Opportunities, Inc., and commissioner of the Santa Clara County Airport Land Use Commission.

Rusty Hammer is truly devoted to serving his community and has actively participated in such organizations as the Campbell Jaycees, the Campbell Chamber of Commerce, and the Southwest YMCA.

Most remarkable of all, is the fact that in addition to his political and community activities and commitments, Rusty attends the University of Santa Clara on a full-time basis and will receive his bachelor of political science degree in June of this year.

Mr. Speaker, I would like to take this opportunity to extend my best wishes to Rusty and to thank him for the many fine contributions he has made to the people of Campbell. I am confident that the citizens will continue to benefit from his leadership and involvement.

THE MISPLACED LIBERAL SYMPATHY FOR CRIMINALS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. CRANE. Mr. Speaker, as crime mounts in cities across our country, the possibility of a criminal escaping responsibility for his acts is increasing.

In January, 1975, The New York Times did a study of all homicide indictments in 1973 which, at that time, had been resolved in the city's courts. The Times discovered that almost 6 of every 10 defendants who are accused of murder in New York and who plead guilty are freed on probation or receive a prison term of less than 10 years. Of those receiving a maximum 10-year term, most will be eligible for parole in 3 years.

Of those adults indicted, only 4 percent of the defendants who were convicted by juries or who pleaded guilty to the most serious charge of murder, got the maximum potential term of life imprisonment. Of those sentenced on lesser charges of manslaughter or attempted manslaughter, 20 percent were released on conditional discharges or probation. A probationary sentence usually means no further imprisonment, unless the defendant is arrested again.

Through plea bargaining and a variety of other legal and judicial devices, killers are placed almost immediately back on the streets. Prof. Gordon Tullock made some extrapolations on the rationality of crime as a profession and calculated, on the basis of 1965 figures—which are much worse today—that if you commit a crime, your chances of being arrested are only one in seven, and if you are convicted, only one in 60 that you will be sent to prison.

Despite the fact that our cities have become increasingly dangerous places, there are some in our society who reserve most of their sympathy for the perpetrators of crime rather than for its victims.

Columnist Raymond Price reported on a case in which a professor at San Francisco State University, Theodore W. Keller, had witnessed a case in which a young, black, unemployed clerk was charged with shooting a 71-year-old man during a holdup attempt. Mr. Keller was a witness and, in fact, helped to catch the suspect.

Discussing the case, Mr. Price writes that,

> He testified before the grand jury that brought the indictment. But, he now explains, "I soon began to have second thoughts. I couldn't accept a framework in which the only relevant question was whether the defendant is guilty or not guilty. About 85 percent of the crimes like this in San Francisco are done by minorities from the ghetto. Either you have to say it's genetic or a product of the social system. I believe it's the latter, and that we all share in the guilt."

Mr. Keller, accordingly, refused to testify. The thinking expressed by individuals such as this, Raymond Price notes,

> Is not just that society's to blame, but that it's terrible to prosecute a person merely for shooting a man in the throat while trying to rob him. Don't prosecute him, prosecute us.

Those who want to know why crime is mounting should consider the fact that criminals have the confidence that they can escape punishment for their acts and that, even when they are caught, there are enough sympathizers such as Mr. Keller to make the odds in favor of their avoiding any punishment that much greater.

I wish to share with my colleagues the column, "The Prof Declines," which appeared in the Washington Star of March 6, 1975, and insert it into the RECORD at this time.

[From the Washington Star, March 6, 1975]

THE PROF DECLINES

(By Raymond Price)

Every once in a while something that had seemed gone, past, a bygone relic of the 60s, suddenly crops up again, as squiggly fresh as ever. And sure enough, in San Francisco the other day a college professor (of international relations and speech, at San Francisco State University) became a celebrity of sorts by going to jail.

Nothing passe about that—but it's what he was going to jail for that seemed straight out of the 60s. He refused to testify in a criminal case. Nothing passe about that, either, you might object—just ask Gordon Liddy. But this was a case in which a young, black, unemployed clerk was charged with shooting a 71-year-old man during a holdup attempt. The balky professor, Theodore W. Keller, was a witness. He helped catch the suspect. He testified before the grand jury that brought the indictment. But, he now explains, "I soon began to have second thoughts. I couldn't accept a framework in which the only relevant question was whether (the defendant) is guilty or not guilty. About 85 percent of the crimes like this in San Francisco are done by minorities from the ghetto. Either you have to say it's genetic or a product of the social system. I believe it's the latter, and that we all share in the guilt for maintaining a society that grinds these people out." Having had those second thoughts, he refused to testify at the trial.

So there we have it, crystallized, epitomized: not just that society's to blame, but that it's terrible to prosecute a person merely for shooting a man in the throat while trying to rob him. Don't prosecute him, prosecute us.

It's tempting to ask: "Don't we ever learn?" But that would be unfair. By and large, the public has learned, and treats this sort of blather as the nonsense that it is. The judge would have none of it. He ruled that the saintly professor was "depriving both the defense and the prosecution of a fair and impartial trial," and sent him to jail for 15 days.

Yet, still, as the Keller example illustrates, this notice of the unfairness of punishing criminals who can be seen as victims of their social environment persists.

The answer that it doesn't offer much comfort to the victims of such crimes is both obvious and familiar. But there's another dimension which is equally important, and, in terms of prevention, probably more so.

Let's accept the argument that to some extent, society does not share the blame, and that slum conditions do encourage crime. But then look at it from the perspective not just of the gun-wielder himself, but of his non-gun-wielding neighbor in the same crime-ridden slum—the neighbor trying to live in safety, and trying to raise his children to stay within the law. In a community where crime and violence are the norm, it's tough to train children away from it, and this invites compassion toward those who fail. But it's doubly tough unless the parent trying to do so can point convincingly toward proof that crime doesn't pay, that it really is wrong, that each person is going to be held responsible for his own life and his own actions, and that yielding to the temptations that surround him on all sides is not something society is going to excuse simply because the temptations were there. The real sin of the well-meaning Kellers of the world is not against the courts, but against those parents, who need every bit of help they can get—the stick as well as the carrot—in persuading their children to go straight.

Slums do breed violent crime, but they'll breed less if we give more of a helping hand to those within them who have the courage to stand their ground against the pressures pushing them toward crime. And this means, quite specifically, being resolute in using the full force of the law against those who don't stand their ground.

AMENDING THE SOCIAL SECURITY ACT

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. KASTEN. Mr. Speaker, I am introducing a bill today which will remedy an inequity in the social security system

that affects families of deceased beneficiaries. The current law provides that benefits paid to a social security beneficiary during the month he dies must be returned in full by the family, even when the recipient dies 2 days before the end of the month. My bill would revise this provision so that benefits will be prorated based on the date of the recipient's death. A family would receive full benefits for the time in which their loved one was alive. They would not receive benefits after the date of his death.

This bill is simple and long overdue. It only makes sense that a beneficiary who dies at the end of the month should expect his family to receive benefits for that month. We must consider the situation of the family which now is deprived of needed support. It especially would aid young widows and widowers and children under 18 years of age. My bill, in effect, would carry out the real purpose of the social security's survivor and dependent program by assuring beneficiaries and families benefits due them as an earned right.

I am aware of the fact that this amendment does involve a cost element to the system. But, I am convinced that it is a small price to pay when compared to the inequitable effects of the current law. We must realize that social security program is not a Government handout. Rather, it is an insurance-like program which Congress devised to assure its citizens protection against economic hardship.

Now we must move to rectify some of the small gaps that still are evident in the program. I urge Congress to support this legislation.

THE 56TH BIRTHDAY OF THE AMERICAN LEGION

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, on March 15, 1919, in Paris, France, delegates from the 1st American Expeditionary Force founded the American Legion to "uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate 100 percent Americanism; to preserve the memories and incidents of our associations in the great wars; to inculcate a sense of individual obligation to the community, State and Nation; to combat the autocracy of both classes and the masses; to make right the master of might; to promote peace and goodwill on Earth; to safeguard and transmit to posterity the principles of justice, freedom, and democracy; to consecrate and sanctify our comradeship by our devotion to mutual helpfulness."

Perhaps the best thing that can be said about the American Legion is that it has been successful in making good its intentions. I am proud to be a member of this organization, and I am proud to have served as a commander of the American Legion post in Hollywood, Fla. I am also proud that the Legion gives patriotism a good name.

The Legion conducts an annual national high school oratorical contest and the winner receives a college scholarship. The purpose of the contest is to inspire a deeper knowledge and understanding of the Constitution of the United States on the part of high school students. The Legion puts out a handbook on aid that is available to students for continuing their education. I am proud of all Legionnaires who have accepted the challenges and who support work for community service, youth development and educational advancement of our children within the parameters of the Legion preamble.

I want to take this opportunity to wish the American Legion and all Legionnaires a happy birthday and many, many more.

PERSONAL SAFETY FIREARMS ACT OF 1975

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. DRINAN. Mr. Speaker, I have today reintroduced the Personal Safety Firearms Act of 1975, a bill which would require the registration of all guns and the licensing of all gun owners. In addition, the bill prohibits the sale or delivery of "Saturday Night Specials," deadly but inexpensive handguns.

I am pleased to announce, Mr. Speaker, that 11 cosponsors have joined me in filing this needed legislation. They include Mr. ROSENTHAL, Mr. WAXMAN, Mr. HARRINGTON, Mr. HELSTOSKI, Mrs. COLLINS of Illinois, Ms. ABZUG, Mr. HAWKINS, Mr. STARK, Mr. DIGGS, and Mr. SOLARZ.

I believe that the Congress can no longer avoid its constitutional duty to protect and promote the general welfare of the people. Our gun homicide rate is 5 times Canada's, 20 times Denmark's, 67 times Japan's, and 90 times the Netherlands. In the United States, one out of every hundred deaths—including natural deaths—is caused by a gun. On any given day an average of 69 people are killed by firearms, or almost 3 per hour.

Effective gun control laws are clearly needed to reduce the easy availability of firearms in our society. Statistics show that the great majority of gun related injuries and deaths result from the wholesale availability of these weapons. Approximately three out of four murders are crimes of passion, the victim being killed by someone he or she knows. And the greatest tragedy is that 25 percent of the homicide rate occurs within families, stemming from an argument or a fight. The gun probably would not have been used were it not within easy reach of the bed, in the closet, or in a nearby drawer.

The above statistics and many more like them dramatically illustrate the need for the Congress to enact tough, new gun control laws. Toward this end, a number of colleagues and myself have introduced legislation which would greatly limit the sale or possession of handguns. I clearly support this approach, as another of my bills, H.R. 1601, indicates. However, guns include not just handguns, but firearms of all sizes and lengths. If we address ourselves only to handguns, we will be attacking only part of the problem. Neither will we close the many loopholes in the 1968 act which make its overall impact less than satisfactory.

It is my contention that we will not have accomplished our end of bringing about real gun control until: First, the great majority of firearms are registered in the names of their true owners; and, second, every individual gun bearer is satisfactorily licensed. In this way, we can insure that only competent individuals are able to purchase both firearms and ammunition, and that these firearms are registered in their names.

The gun control goals which I have specified above can be realized through my legislation by licensing gun purchasers and owners only after they have presented proper identification. Included within the identification process would be validating statements by local law enforcement agencies, a physician, and the applicant, stating that the person meets certain minimal standards. Then, these licenses or permits would have to be presented whenever a gun or ammunition is bought. Improving a major deficiency of the 1968 law, new registration certificates would also have to be executed prior to transferring ownership of a weapon.

By enacting tight registration and licensing provisions, I believe that the Congress would go a long way towards remedying major loopholes in our gun control laws. Cities like New York, with the toughest controls in the Nation, would no longer be circumvented in their efforts to curtail the free availability of firearms. Incompetents and felons could not buy guns with hardly a question asked. And the Federal Government would at last be going on record as meaningfully opposing the suicidal increase of firearms on our streets today.

Mr. Speaker, I do feel that the enactment of handgun legislation is important in our gun control campaign. But let us not overlook the great importance of enacting an effective registration and licensing law as well,

For the benefit of my colleagues, I would now like to insert a number of articles and editorials bearing on the need for the Congress to enact tough gun control laws:

[From the Washington Star, Mar. 14, 1975]

FORTY MILLION GUNS WRONG, MURPHY SAYS

(Patrick V. Murphy—president of the Police Foundation and former public safety official here and in New York—was interviewed by Washington Star Staff Writer Orr Kelly.)

Question: You've said that gun control legislation was needed to disarm the American people. What do you mean by that?

Murphy: I mean that the 40 million or so guns that it's estimated we have in highly congested, urbanized society are a threat to the safety of law-abiding people because so many of these guns are being used not only to assault and kill people but accidentally and in family arguments. They're a great menace.

Q: Do you think that actually all the guns should be taken away from the American people or most of them?

A: Yes. We're talking about handguns, I think the long gun is another matter. I don't want to interfere with a hunter who uses his rifle or shotgun legitimately for hunting. But small guns, handguns, I think should only be possessed by people who need them and they should register them. People who don't have a need for them shouldn't have them. That would limit them to the police and very few people beyond that who have a legitimate need for protecting valuable property or in rare cases, maybe their own safety.

Q: Then you would disarm the shopkeepers as well as the hoodlums?

A: I've always recommended to shopkeepers that they not have guns because, in my experience, what happens more often than not, is violence begets violence. When we look at the total picture, I think that shopkeepers are killed more often or injured more often when they draw a gun. And most criminals would flee without violence if they get the loot they're after. Of course, what we tend to read about in the newspaper is the more exceptional case where the gunman may kill somebody even though he has received the property without violence. But looking at it in the long range and statistically, I think you're safer as a small store owner not to have a gun.

Q: The crime rate, as you know, has been rising very rapidly—something like 16 percent and the bank robbery rate is up 52 percent over a year ago. Do you think unemployment is responsible for this rise and if it is, does this mean we're in for sharply increased rates?

A: I don't think we can attribute the increases in 1974 and 1973 to unemployment because we had relatively low unemployment rates and still crime was escalating. Now, whether it will get even worse I don't know. Even in the prosperity we've had in recent years crime has continued to go up. So it's not just economic. Whether it will get even worse now is a possibility but we don't have strong evidence about it.

[From the Christian Science Monitor, Jan. 9, 1975]

GUN CONTROL, 1975

Strong federal gun control remains long overdue in the United States. Its advocates have new reasons for hope this year—and commensurate responsibilities for taking full advantage of them.

If such legislation can begin saving lives by 1976, the nation will have that much more genuine cause for celebration on its 200th anniversary. In this century alone, at least 800,000 Americans have been killed by privately owned guns—more than the battle deaths in the Revolution and all later wars together.

Opponents of strict licensing and limitation of ownership argue that people—not guns—are the murderers. Clearly the fundamental answer to gun violence is human reform, and the fundamental means of preventing gun accidents is taking proper care.

But guns, especially handguns, are uniquely dangerous. And in today's society the more guns available, the more gun violence.

Striking confirmation of this view appears in this month's Journal of Legal Studies. After exhaustive research sponsored by the National Science Foundation, here is one of the conclusions by Prof. Franklin Zimring of Chicago University Law School:

To reduce handgun violence, there must be not only a reduction of the average number of handguns in private hands but a reduction that goes far enough to reduce the easy availability of such guns to those most likely to use them violently.

Earlier studies have dramatized the lower levels of gun ownership and of gun violence in countries with stricter regulations than the U.S. Various other factors may enter in. But the impact of regulation cannot be discounted when London records only two handgun murders in 1972, and when more handgun murders take place every day and a half or so in the U.S. than the number of murders by all firearms in England during that whole year. In 1968, the year of Congress's last major gun legislation, the U.S. had a gun homicide rate more than 200 times that of Japan, which does not allow private ownership of handguns.

More than half of America's violent killings are committed with handguns, and such killings are estimated to have doubled in the past 10 years. These guns—their total of some 40 million is growing fast—play a part in more than 200,000 crimes a year.

And while the public flocks to movies glorifying citizens who take the law into their own hands, studies show that privately owned guns add up to more of a hazard for the innocent than a protection against criminals.

Yet amid the tremors of an election year, the last Congress could not pass even a bipartisan amendment requiring the registration of all civilian-owned handguns and the licensing of their owners. This would seem to be the absolute minimum to be sought in the light of increasing expert testimony from police and others in favor of going further—to the banning of handguns from all except the police and the military. A 10-year program to achieve this was recommended by the National Advisory Commission on Criminal Justice Standards and Goals.

"If something isn't done to stop the proliferation of handguns to the public, no law can stop criminals from getting guns," said Sheriff Peter Pitchess of Los Angeles County a year ago. He was quoted in a Wall Street Journal article about the skyrocketing rise in gun thefts since the 1968 law seeking to keep guns from felons, drug addicts, and other "undesirable" categories.

Opponents of gun control cite the thefts as evidence that criminals can continue to obtain guns while law-abiding citizens are restricted from them. But gun-control advocates offer the more pertinent interpretation that the vast numbers of guns in private hands facilitate theft.

What is needed is national regulation of sales and ownership so that weak laws in one state no longer make a mockery of better laws in the next.

Several developments give more hope for gun control this year than last. They were signaled by last November's National Handgun Forum in Detroit, the first national conference of the kind. It indicated both the need for united efforts toward gun control and the already mounting sentiment for it in the face of well-organized opposition lobbies.

There is at least the possibility of strengthened national leadership for gun control with the reassignment of Attorney General Saxbe, who has passed off effective gun control as an "idealistic dream." And, as the handgun forum was told, at least two proponents of gun control—a sheriff in Massachusetts and an attorney general in Rhode Island—showed they could be elected despite the opposition of anticontrol groups.

Last month, looking toward the new year, a survey by this newspaper found gun-control advocates noting such positive signs as the increasing number of gun-control lobbies, polls consistently favorable to gun controls, changes in Congress indicating a net increase in gun-control supporters, re-election of every congressman strongly favoring gun control, and citizen efforts to put handgun control on state ballots.

Professor Zimring says that "there is sufficient mandate for a new gun law." But in his report he emphasizes the persistent lack of interest and information in Congress which could continue to delay passage of effective laws.

Meanwhile, improved enforcement of present regulations is essential. Those in and out of government who belittle the potential gains ought to at least support an attempt such as the one suggested by Professor Zimring to see the effects of increased enforcement and regulation in a test situation. He suggests a "tight-control jurisdiction" such as New York, whose best state efforts have been undermined by guns coming from such loosely regulated "sending areas" as Florida and the Carolinas. If extra federal enforcement and regulatory attention could be given to both ends of this grisly traffic, the potentialities and shortcomings of the present law might be gauged while the country works toward something better.

[From the Boston Globe, Feb. 17, 1975]

A NATION SLOW TO LEARN

Two events merged last week proving once again that we are a nation of slow learners. We celebrated the birthday of a President who was shot to death with a pistol and we witnessed the annual legislative charade of hearings on a bill to outlaw the private ownership of handguns. Apparently our history in the 110 years since Lincoln was killed hasn't been enough time for any committee to study the dangers of handguns.

Consider a few items from recent news wires:

Item—A 34-year-old Norwood businessman and a 57-year-old Westwood policeman are shot to death with a .38 caliber handgun.

Item—A 17-year-old Washington, D.C., girl is shot to death by her father for skipping school. Daddy used a handgun.

Item—A Los Angeles father of five pumps six bullets into his wife after fighting with her about a piece of burnt toast.

According to official FBI figures, more than 72 percent of all handgun homicides are nonfelony murders between friends or man and wife. In 1972, 10,000 Americans were murdered with this weapon that our legislature refuses to ban.

One positive step taken toward real gun control—the Bartley-Fox bill calling for a one year mandatory prison sentence for persons convicted of illegally carrying a handgun—has had its implementation postponed until April 1. And while this is progress, it is also too weak a piece of legislation to do the job.

It is estimated that there were nearly 3 million handguns sold in the United States last year alone. There are nearly 200,000 handguns on the loose in Massachusetts. Many of them are stolen. Many others are privately owned.

All of them result in violence. We have an average of 50 times as many murders as England, Japan and Germany combined. We live in a violent age, in a violent land, and no gun will prevent its increase. A gun can only add to it.

The answer isn't one year prison terms. It's not the registration of people or guns or criminals. It's not enforcing existing laws that too many think are strong enough. The only answer is a complete and total ban of the sale and private ownership of handguns.

The Constitution of the United States does not say that any citizen has a right to "keep and bear arms." The phrase from the Second Amendment is clear to all who can read: "A well regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed." The Supreme Court has ruled that this amendment "was not adopted with individual rights in mind."

But a powerful, arrogant and well financed gun lobby has worked wonders with spineless legislators who are more afraid of the votes of "sportsmen" than they are of the daily tales of senseless carnage that trickle off the news wires. Their stand is rooted in ignorance and cowardice.

"Hunting is a sport and these people have a right to own a handgun," they tell us. This

argument will hold water when a deer can shoot back.

"It's the criminal not the handgun that is the real problem," they add. And they probably believe that Henry Aaron can hit home runs without a bat in his hand.

It's the handgun.

It's the gun that is taken in a house break and sold on the streets and is used to kill people; the gun that's bought by someone with a fake ID; the gun that can be hidden in a paper bag or a pocket; the gun that makes no sense . . . only death.

You could hang a handgun around a kaleidoscope of recent American history; assassinations, cops' funerals, people burying others who might have lived had not a gun been as handy and as available as a power saw.

And in addition to the violence of the handgun, you can tack on the more subtle and lasting violence of legislators who refuse to respond to the slaughter on the streets. Put them both together and it adds up to Murder Inc.

[From the Boston Globe, Jan. 26, 1975]

FOR HANDGUN CONTROL

President John F. Kennedy, Sen. Robert F. Kennedy and Dr. Martin Luther King were murdered by firearms. Those terrible events provided enough impetus in Congress for passage in 1968 of the Gun Control Act, which was designed to "provide support to Federal, State and local law enforcement officials in their fight against crime and violence."

Unfortunately, as Prof. Franklin Zimring of the University of Chicago points out in the January issue of The Journal of Legal Studies, "the symbolism of gun control seemed more important to the vast majority of Congress than the specifics of regulation." The Gun Control Act of 1968 has been a failure partly because Congress even then feared the wrath of the gun lobby more than it cared about protecting the citizens.

The Act had no bearing at all on sportsmen's use of guns, which are not handguns.

The Act had three major objectives: to ban interstate shipments of firearms between unlicensed parties; to keep them out of the hands of minors, felons and mental defectives, and to end the importation of all surplus military firearms and other guns that had not been certified by the Secretary of the Treasury as "particularly suitable . . . for sporting purposes."

In the law's more than six years of existence, interstate traffic in firearms has proceeded along merrily (and illegally), the number of weapons, especially handguns, has increased so that they are more available to those who want them than ever before, and the domestic manufacturers have more than made up for the drop in imports of "nonsporting" weapons (meaning small, cheap handguns).

It was hoped that the law would reduce handgun possession by slowing the flow of guns from states with loose gun laws to states with tight laws. However, according to Dr. Zimring's study, "tight" states like New York and Massachusetts are increasingly becoming the victims of latter day gun-runners from "loose" states like South and North Carolina. Investigations by the Bureau of Alcohol, Tobacco and Firearms suggest that "large scale dealer transfers—involving more than 1000 handguns during the period of investigation—are an important source of New York street weapons." Smaller transactions of 10 to 100 handguns "involve New York City residents coming south to purchase handguns for a return trip, and southerners buying guns for personal transport north, by means as mundane as Greyhound bus."

Handgun imports, according to Census Bureau figures, did drop after the law went through (from more than a million in 1968 to under 309,000 in 1973), though ATF figures come out differently. They demonstrate a steady climb of imports from 358,000 in 1969 to 900,000 in 1973. The domestic manufacture of handguns, the ATF estimates, went from just under 500,000 in 1964 to 1.6 million in 1973. In any case, handguns are being manufactured, imported and purchased at a bewildering rate and, as might be expected, the homicide rate is keeping pace.

"Without doubt," Zimring writes, "the role of firearms in American violence is much greater in 1974 than in 1968. Rates of gun violence and the proportion of violent acts that are committed by guns have increased substantially isnce the Gun Control Act went into effect . ."

Some of those who oppose the further regulation of handguns may feel that the Zimring study proves that nothing much can be done—that people who want guns will get guns. However, it can also be concluded from the study that there has been no really substantial effort to make the law work. "No committee of the Congress has paid sustained attention to the administration of the Act," Dr. Zimring points out, nor has there been a serious attempt to cut down the gun-running at its source.

The eventual solution to the handgun menace is a total ban on the private ownership of handguns just as we banned machine guns and sawed off shotguns. In the meantime Congress should act to brace up the Gun Control Act of 1968 with more funds for the ATF and amendments which may give the law more teeth. The last election seemed to indicate that politicians no longer must fear the gun lobby as they once did. Not one congressman who sponsored firearms legislation lost at the polls in November and 27 who supported bills favorable to firearms owners lost out. Perhaps the fear that so often leads to owning a gun is not as strong as the fear of the damage guns do.

THE MILITARY OBLIGATION—IS 6 YEARS TOO LONG?

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ARMSTRONG. Mr. Speaker, in 1973, Congress decided to establish the military forces of this country on a voluntary basis and abolished the involuntary draft.

Now it is time to deal with another question raised by the abolition of the draft.

I refer to the present 6-year military obligation.

To rectify this situation I have introduced legislation to reduce the military obligation of armed service members from 6 to 3 years, unless they have voluntarily agreed to serve a longer period on active duty to repay the services for specialized training or for other considerations.

The National Guard should benefit especially from this bill, since it is becoming harder and harder to interest Americans in attending drills and training duty for a 6-year period. To ask an 18-year-old to commit a period of time longer than college, and amounting to a third of his age, is asking more than many devoted and patriotic young Americans feel they can commit. In a sense, a 6-year obligation asks for a long term commitment without experience, without testing.

Our military forces should be dedicated enough, interesting enough, and good enough to attract young Americans without demanding a long term commitment—sight unseen.

In addition, a shorter obligation could attract volunteers who are not willing to commit to a 6-year enlistment but who might change their mind after becoming members of the Armed Forces.

For these reasons, among others, Mr. Speaker, I urge support of this legislation.

TANKS FOR ASKING

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McDONALD of Georgia. Mr. Speaker, one of the acknowledged deficiencies of our armed services is the shortage of tanks. It is a well known fact that our inventory of tanks was seriously depleted as a result of shipments to Israel. Now these tanks need to be replaced, our National Guard forces need to be modernized, and a brand new tank needs to be developed to meet the threat of the new Soviet M–1970 tank. None of these things will be accomplished easily since we only have one plant producing tanks and its production line can only be expanded slowly. The setting up of additional production facilities will be a long and costly process. Recently, the Review of the News, in its January 29, 1975, edition, published a very excellent article on this topic by Mr. William P. Hoar. I commend the article to the attention of my colleagues who are sincerely concerned for the safety of this great Nation of ours. The article follows:

TANKS FOR ASKING

(By William P. Hoar)

America's already understrength tank inventory has been reduced by 10 percent since the Yom Kippur War of 1973. This vital armor has been shipped abroad for the use of foreigners. Primarily the Israelis. We have stripped ourselves of two years of tank production, and yet Secretary of Defense James Schlesinger[1] has approved shipment of an additional 495 tanks, including 111 of our main battle tanks in the M60 Series. These are our "prime asset" combat vehicles, with the diesel engines and 105mm guns (or better) necessary to deal effectively on the battlefield with current Soviet tanks. Assistant

[1] In their just-released volume, *Kissinger On The Couch* (Arlington House), Admiral Chester Ward and Phyllis Schlafly note the "strange" appointment of James Schlesinger as Secretary of Defense after a short tenure as boss of C.I.A., where he caused the removal of hundreds of anti-Communists. They observe:: "Without the unique diversion of Watergate to distract President Nixon, not even Henry Kissinger's unprecedented power could have accomplished this—because Schlesinger was a career-long protégé of Daniel Ellsberg, all the way from Harvard to RAND."

Secretary of the Army Harold Brownman admits that our arsenal of prime asset tanks is drastically low. He acknowledges that we now have less than half of the M60s the U.S. Army requires to meet our defense needs.

And, according to the *Army Times* for December 4, 1974, the Army is now producing only forty M60 tanks a month while Secretary of State Henry Kissinger "is giving them away at a 60-a-month rate." The Pentagon informs us that the Army is making an "extensive examination" in the hope of greatly increasing production of the M60s. It has, however, encountered a "serious problem." According to Arthur Mendolia, Assistant Secretary of Defense for Installations and Logistics: "The problem here has been that the supply situation of certain vital tank components, which involve metal castings, has become increasingly tight." The Assistant Secretary identified as a cause of this shortage the new environmental standards demanded for foundries by the government. He noted that a number have gone out of business, citing the ecology regulations as being partially responsible. Indeed, sources within the industry inform us that from 200 to 300 foundries a year have been shut down in the last several years.

So serious is the situation, according to a Materiel Acquisition spokesman at the Department of Defense, that the Army's *only* current source for tank armor is the Blaw-Knox Foundry in East Chicago, Indiana. The spokesman said he hoped Birdsboro, Pennsylvania, will be reopened soon, but added that it must first find a way to meet the expensive standards of the Environmental Protection Agency.[2]

A spokesman for the House Committee on Armed Services confirmed for us the possibility that the second armor-production source at Birdsboro will be reopened, and expressed concern that the Army is "very low" on tanks. Nearly $86 million in reprogramming authority has been approved by the Committee to increase output from the pre-Yom Kippur schedule of thirty a month, past the current rate of forty a month, to 103 tanks per month by 1978. Contrast this in the face of the emergency with the fact that a single plant in Michigan in 1942 produced 896 tanks a month.

What does the Army plan to do? It hopes to salvage hundreds of unusable gasoline-powered M48 "Patton" Series tanks built in the Fifties by fitting them with more powerful armaments and new diesel engines. Currently it has thousands of these unserviceable 90mm M48 tanks that are being used primarily for Reserve training. The problem is that according to Assistant Army Secretary Brownman these "will not reliably defeat Soviet armor except at close range." Even when upgraded the converted M48A5s will not be as good as the M60s that we are so freely providing to others.

And what are the Soviets doing while we worry about immaculate air and the color of our fireplugs? They are mass-producing thousands of tanks to our hundreds. Dr. Malcolm R. Currie, Director of Defense Research and Engineering, described the armor threat in Senate Hearings on the Budget for Fiscal Year 1975: "Not only do the Warsaw Pact forces have numerical superiority over NATO in tanks, but they are also modernizing this tank inventory with the T–62 and the new M1970 battle tanks. Additionally, the Pact continues to produce tanks at a higher rate than the NATO nations." You can bet the Soviets are not mass producing for defense against invasion by Luxembourg.

The United States is not standing completely still, of course. It just seems that way because of failure to produce the vitally needed M70 tank after expenditure on its design of millions of dollars and thirteen years of planning. In 1971, with the research and development done (and available for theft by the Soviets), we just gave up on ever producing the modern M70s. Now the U.S. Army Matériel Command informs us that plans for construction of a completely new tank, the XM–1, are "on schedule." That one will supposedly have special armor that will make it twice as "survivable" as our M60s, and will be twice as accurate while on the move. However, a decision for full-scale development of the XM–1 will not be made until mid-1976, and there is slim assurance that the XM–1 will be built, either, since the Army must contend with such anti-Defense demagogues as Congressman Les Aspin (D.-Wisconsin).

Official sources state that the current weapons inventory of the U.S.S.R. is considerably larger than ours. But, based on performance in the Middle East war, Defense still claims our main battle tanks are generally superior to the Soviet systems.[3] Given the rate at which we are being stripped of what few we produce, this is hardly reassuring.

Certainly there is a legitimate question concerning *whose* defense should be provided by our taxes and our Defense Department. The State Department became amazingly secretive when we inquired how many tanks we had sent to Israel. It needn't have bothered. In testimony before the Senate Appropriations Subcommittee in June of 1974, Defense Secretary Schlesinger stated: "I would point out that in the last 7 months we have drawn down our own tank inventories by something on the order of 600 tanks for the Israelis and that is a very substantial fraction of our modern tank inventory." According to Secretary of the Army Howard Callaway, our transshipped combat equipment came from "prepositioned contingency stocks and from active forces in Europe, as well as from depot stocks and combat units in the United States. This resulted in units from which major items were withdrawn, dropping to lower levels of readiness. Some critical shortages were generated . . . ."

We are cutting into our own military stockpile in numerous ways. In addition to the tank drain, our government has reportedly sent nearly half of our newly developed T.O.W. antitank missiles to the Israelis. The T.O.W. (Tube-launched, Optically-tracked, Wire-guided) missile can knock out an enemy tank at two miles. Yet, with our tank forces outnumbered by the Soviets by 15,000 to 20,000 tanks, foreigners (including Lebanon!) have been given a higher priority than our own military. We sell such missiles, according to *U.S. News & World Report* for January 20, 1975, to fourteen nations and give them away to three others, but T.O.W.s are in such short supply for American forces "that the Marine Corps won't receive its first 100 TOW launchers until December." That is *next* December!

This sort of thing is, if not treason, utterly outrageous. And it is common. Consider the F4 aircraft. Syndicated columnists Rowland Evans and Robert Novak disclosed in mid-November of 1974 that "the Air Force today is short of the small percentage of F4 fighter aircraft—the mainstay of Israel's air force—that is equipped with extremely costly electronic counter measures (ECM). 'A high percentage of the very small number of these aircraft we had went to Israel,' a Pentagon official told us." Israel comes first.

And, after all, there is détente. We are told the Soviets are now the friend of all humanity. Do we really need to be reminded that the constant threat of war is in the interest of the Soviet Union, regardless of the meaningless pronouncements of its propagandists concerning peace? It is a fact so obvious that even Secretary Schlesinger has admitted:

"Soviet actions during the October 1973 Middle East War show that détente is not the only, and in certain circumstances not the primary, policy interest of the USSR. The immediate Soviet arms shipments to Egypt and Syria at the outset of hostilities, the deployment of nuclear-capable SCUD missile launchers, the peremptory Soviet note to the United States Government implying the possibility of direct Soviet military intervention with ground and air forces, and the forward deployment of sizeable Soviet naval forces—over 90 Soviet ships in the Mediterranean at the height of the hostilities and smaller naval forces in the Indian Ocean—provided another lesson in Soviet willingness to take risks with world peace."

Since the Yom Kippur War, the Soviets have resupplied Syria heavily, with American intelligence estimating that by April or May all of Syria's losses will have been replaced. We will have done the same for Israel, and by spring both forces are expected to be in peak combat condition. The so-called mandates of the United Nations "peace-keeping" troops on the Sinai Peninsula and Golan Heights expire on April 24th and May 31st respectively. The U.N. Secretary-General has openly expressed doubt that the "mandates" for the tiny 5,750-man force will be extended.

Meanwhile, the military buildup continues. The Soviets reportedly have provided Syria with more than 1,000 T–62 tanks, 300 warplanes, missiles capable of hitting Tel Aviv and other cities, and other heavy arms. Furthermore, Israeli Defense Minister Shimon Peres has stated that several thousand Soviet Army personnel, some with their families, have been stationed in Syria and are operating, among other things, a missile system around Damascus. The C.I.A. has acknowledged such a Russian presence. In fact according to the Syrian Communist Party leader Khaled Bakdash (as quoted in *Al Ittihad*, an Arab-language publication of Israel's Communist Party), during the last Arab-Israeli conflict: "The masses of the people saw with their own eyes in the city of Latakia during the first days of the war how Russian soldiers drove the tanks to the staging area and they cheered the Russians." Indeed, for all practical purposes, Syria is a Soviet satellite.

On the other hand, at times it appears that we are acting as an Israeli satellite. Surely it is in the interest of both Israel and the Soviet Union to drive a wedge between our relations with the oil-rich Arab world, many of whose leaders long followed a course that was both pro-West and anti-Communist. The Arab position is virtually ignored in

[2] When such environmental "protection" hurts national defense, one wonders about our government's priorities. On a related but lighter theme, consider the dilemma of the Holston Defense Corporation. Since it operates on an Army installation, Holston's fireplugs must be yellow as specified by Army regulations. However, O.S.H.A. contends that as a private company Holston must have red fireplugs. What to do?

[3] The vulnerability of the Soviet T–62 tank is increased because its fuel cells are mounted outside. Nevertheless, according to Ward and Schlafly in *Kissinger On The Couch*, "in the military competition for supremacy in tanks, the Soviets now probably have some 15,000 to 20,000 more than the United States. More important, theirs are newer than ours and outgun us. Their T–62 model is at least five years newer than our standard tanks and is in continuing mass production. They have attained an era of tank 'plenty' that has permitted them to add, in the last months of 1972 and early 1973, more than 3,000 new T–62s to their already massive tank forces in East Germany and Czechoslovakia. These Soviet T–62 tanks were the main force of the Arab surprise attack against Israel in October 1973."

our mass media. And none dare call it baloney when prominent and influential members of our "Liberal" Establishment, still dovish over the Communist takeover of Southeast Asia and reminding us that we cannot be the world's policeman, bluster like Colonel Blimp that Israel's interests must be defended at any cost to ourselves.

Why? One remembers the reason former Senator William Fulbright gave for his opinion that the U.S. would not discontinue support for Israel *regardless* of our national interests. ". . . [T]he United States government is not capable of doing that, because the Israelis control the policy of the Congress and the Senate," the "Liberal" Senator contended. "On every test on anything the Israelis are interested in in the Senate—and I have on several occasions for different reasons brought this question up—the Israelis have 75–80 votes."

That apparently fatal Fulbright remark on CBS's "Face The Nation" stirred up nothing like the more-recent furore surrounding General George Brown, Chairman of the Joint Chiefs of Staff. You will remember that it was General Brown who was in charge of the vast October 1973 airlift of arms to Israel which was so highly praised for its efficiency by the Israelis. Nevertheless, considering the shortages in our own military supplies, the general dared to comment. "We have the Israelis coming to us for equipment. We say we can't possibly get the Congress to support a program like this. And they say, 'Don't worry about Congress. We'll take care of the Congress.' Now this is somebody from another country, but they can do it."

If we are going to assert power in the world, let it be first in our own best interests—politically and economically. Otherwise, involvement in the Middle East may well lead to yet another "no-win" war in which we are drawn into opposing the Soviet's client-states even as we ship our technology to the Soviet Union.[1]

Certainly no reasonable person can condone the tactics of terrorists like Yasir Arafat who are attempting by every criminal act to destroy Israel. Yet, Arabs are also threatened by these thugs. For instance, one Abu Iyad, a ranking member of the bloody Al Fatah movement, recently confirmed in a Tunisian newspaper that there was a Black September plot to assassinate Jordan's King Hussein at the Arab's summit conference in Rabat. And let us not forget that the Israelis also have a history of guerrilla terrorism. One remembers such Israeli terrorists as the Irgun and the Stern Gang with disgust and shame that so few of us protested their many murders of innocent Arabs, Jews, and Britons. In guerrilla combat, one man's terrorist is another man's freedom fighter.

By way of example, consider the pro-Israel volume *O, Jerusalem!*, by Larry Collins and Dominique Lapierre (Simon and Schuster, 1972). The authors described the Jewish guerrilla group known as Haganah, as follows: "Yitzhak Sadeh was the spiritual father of the Haganah and the founder of its elite striking force, the Palmach. He had molded the Palmach on his own Marxist-Socialist principles. It was an army without insignia, indifferent to uniform and drill, relaxed in its discipline; an army in which rank had only one privilege, that of getting killed first." And Israel's current Prime Minister Yitzhak Rabin and Foreign Minister Yigal Allon were both leaders of the Palmach guerrillas.

[1] The technology necessary, for instance, for the building of the Soviet tank industry came from the United States; armor built with our assistance was then used against Americans in Vietnam and Korea and to crush the Hungarian Freedom Fighters in 1956. Details can be found in Professor Antony Sutton's excellent book *National Suicide* (Arlington House, 1973).

Certainly the mass media in our country have not been even-handed in reporting on the Middle East. One study indicating as much was published by Eastern Michigan University in its Journal Of Palestine Studies for Autumn 1974, Janice Terry and Gordon Mendenhall tell how in a survey they conducted of the war reporting in 1973 they discovered that the New York Times, Washington Post, and Detroit Free Press "again reveal a rather consistent pro-Israel and anti-Arab bias." That should surprise no one who reads those newspapers. For instance, in a Times report from Israeli-occupied lands on January 13, 1975, Terence Smith disclosed perfunctorily: "Newspaper articles about the oil situation, including this one, are subjected to rigorous censorship." Imagine the uproar if, say, Saigon tried to censor the New York Times!

Propaganda aside, support of Israel is not only subjecting us to economic assault and a stripping of our military preparedness, it is costing us billions in cold cash. When we asked the State Department the extent of aid we have provided to Israel the response was that between 1949 and 1973 such economic assistance totaled $3.1 billion. Other tabulations place the figure much higher, but even accepting State's figures this amounts to U.S. aid at the fantastic rate of approximately $1,000 per Israeli. They want more. Much more. On January 9, 1975, the Philadelphia Inquirer reported that Israel had submitted "its request for financial aid to the United States. Radio Israel said the government wanted $2.5 billion for the fiscal year beginning July 1. It said $1.5 billion was earmarked for defense." American taxpayers are also asked to help resettlement of Soviet Jews (including of course K.G.B. agents) sent to Israel.

And we pay belligerents on both sides of the Middle East battle. Since the end of World War II, Americans have given military aid not only to Israel, but also to Iraq, Jordan, Lebanon, Libya, Morocco, Saudi Arabia, The Sudan, Syria, Tunisia, and Yemen. This year Henry Kissinger has promised to ship food to Egypt and Syria even as the Russians send them arms. Apologists call this tactic "neutralizing Soviet influence."

What is in store for us in the Middle East? One possible scenario is described in the January 1975 issue of *Foreign Affairs*, the magazine of the influential Council on Foreign Relations that is formally committed to putting an end to U.S. sovereignty. In his article entitled "After Rabat: Middle East Risks And American Roles," C.F.R. Director of Studies Richard Ullman, a Professor of International Affairs at Princeton, maintains one "solution" might be for the Soviet Union and the United States to send regular troops into demilitarized zones in the area as a demonstration of *force majeure*. However, Professor Ullman recognizes that ". . . Soviet influence within the Arab world almost certainly [*depends*] upon the continuation of high levels of Arab-Israeli hostility. . . ." So, since the Soviets are not likely collaborators in enforcing any such "peace," Mr. Ullman contends that the United States might best end its role of "ambiguity" in the Middle East. He says the answer may lay in the following course:

"Since the United States finds it politically impossible to wash its hands of Israel, . . . an overt and explicit commitment to Israel's defense—including even the stationing of U.S. military contingents in Israel—remains the most logical choice for those who would prevent a new war."

Of course we have no treaty with Israel, nor in the face of petroleum and other strategic politics are her interests and those of the United States identical. Nor should we forget that the British Mandate of Palestine ended in disaster, as would any American Mandate. Groups like the Communist-led Palestine Liberation Organization would like nothing better than to snipe at and sabotage American forces. Nonetheless, as the temperatures drop outside and the oil prices rise, watch for a spate of anti-Arab publicity presented by the wonderful folks who brought us "no-win" wars in frigid Korea and the rice-paddies of Vietnam. We surely don't need a rerun in the desert.

AMERICA'S NO. 1 SPORTSMAN'S MAGAZINE

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. WIGGINS. Mr. Speaker, an issue that should be considered with the greatest of care by all Americans in these difficult times concerns the delicate balance between the conservation of our Nation's great beauty and the utilization of its vital natural resources.

In February of this year, one of this country's foremost outdoor periodicals, Field & Stream, presented, in editorial form, a particularly thoughtful view of this matter. I hope that my colleagues will read and reflect upon what follows very carefully:

[From Field & Stream, February 1975]

AMERICA'S NO. 1 SPORTSMAN'S MAGAZINE

Field & Stream has spearheaded the conservation movement in this country for almost eighty years. We, along with the millions of concerned sportsmen and sportswomen of this country, can be proud that *we* have paid for our wildlife resources.

We were there when there were few antelope, elk, deer, prairie chickens, and the waterfowl were verging on extinction just before the turn of the century. We were there when only the sportsmen were left to bring back ducks and geese in the 1930s. We were also there at Prudhoe Bay and Valdez, Alaska, in 1970 when the oil companies asked us for an opinion on the feasibility of the Alaska Pipeline. We were one of the groups that secured a one-year moratorium on the building of the pipeline—until the necessary safeguards were put in. We never said that no pipeline could supply us vitally needed oil. We just said we thought it should be done right. Preservationist groups on that same trip said, in effect, no oil pipeline shall *ever* be built.

A concerned conservationist does not have a closed mind. Our nation has its energy problems, and the welfare of 200 million depends upon us working *with* our vital industries to see that the environment is protected, not upon forcing those industries to come to a complete halt.

Our 8 million Field & Stream readers love the outdoors—hunting, fishing, camping, boating, and the related sports. We are outdoorsmen, yes, but we are *citizens* first.

Of course we deplore the indiscriminate practice of strip mining, but we believe it is possible to mine coal and metals without ravaging our land. Certain forms of clear-cutting timber are injurious, but timber *can* be harvested correctly—and we need it. The Santa Barbara oil spill was a disaster, but that does not mean that this nation must *completely* stop exploration and drilling for oil. *Conservation* is necessary and we will fight for it as long as we are in print. *Blind preservation* is like an ostrich with its head in the sand.

During World War II we saw the German and Japanese military grind to a halt because of the lack of such basics as oil and

ball bearings to run war machines. Conserve our resources, yes. But consider what it would be like to be dependent upon the Arab nations for oil in case of an emergency. We are in a serious recession now. But stop all development of resources in the name of preservation only and we answer to the several million unemployed. Tell *them* that there shall be no pine cone touched, that no commercial jet aircraft shall fly over California because the condor is in danger of becoming extinct, that no forest shall be selectively cut for homes and industry, no wells drilled offshore no matter how much care is taken, no mine dug under any circumstances, no chemical of any sort used in agriculture.

Tell it to the guy next door—the guy with the four kids—who just got laid off after twelve years with his company, with no pension and no future. Sure, he believes in conservation and he loves the outdoors, the same as you and I. But, today, his kids are hungry and his house is cold and he needs a job. He needs that job in industry . . . vital industry we need so that all of us can *afford* to enjoy our outdoor heritage. This doesn't mean that we should turn a blind eye to the problems of industrial pollution or commercial misuse of our environment and resources. But we shouldn't turn a blind eye to reasonable development either.—JACK SAMSON.

DR. GEORGIANA HARDY RETIRES FROM LOS ANGELES CITY BOARD OF EDUCATION

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. REES. Mr. Speaker, I should like to bring to your attention the pending retirement of Dr. Georgiana Hardy after more than two decades of dedicated service on the board of education of the Los Angeles City Unified School District.

Dr. Hardy, who retires this June from the board has the longest record of tenure, having been elected for five consecutive terms. She served as president of that body in 1958–59, 1963–64, and 1967–68. During the years in which Dr. Hardy served on the board of education, the districtwide enrollment increased nearly 50 percent from 430,000 students to more than 600,000, which ranks Los Angeles as the second largest school district in the Nation.

Dr. Hardy's involvement in education also extended beyond the school district. She has served as member and president of the California School Boards Association, a member of the National School Boards Association, past chairman of the State Advisory Committee on Adult Education, a former member of the U.S. Attorney General's Conference on Juvenile Delinquency, and a member of the White House Committee on Youth.

Dr. Hardy has also been actively involved in worthy civic groups including the Advisory Board of the Junior Arts Center, the District Attorney's Advisory Council, the United Way, the National Red Cross, and the National Girl Scouts.

We commend Dr. Georgiana Hardy for her significant contributions to education in Los Angeles, Calif., and the Nation, and wish for her a most gratifying and personally rewarding retirement.

VENEZUELANS DISLIKE CHOICE OF SHLAUDEMAN TO BE AMBASSADOR

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. HARRINGTON. Mr. Speaker, last week the Senate confirmed Harry W. Shlaudeman to be Ambassador to Venezuela. Shlaudeman, who was Deputy Chief of Mission in Santiago, Chile, until just before the coup that ousted Salvadore Allende in 1973, is widely considered an ill-advised choice. Being among the critics of the nomination, I testified against his nomination during the Senate hearings and pointed out that he had not honestly explained the U.S. role in the so-called "destabilization" of Allende's democratically elected government when he appeared before House Foreign Affairs Subcommittee in 1974.

While I confined myself to the question of Mr. Shlaudeman's integrity, another witness, an American priest working in Caracas, explained that the Venezuelans were disappointed in the choice although they had accepted the nomination. Because the hearings on the nomination will not be printed and hence not readily available to my colleagues, I am inserting in the RECORD a copy of Fr. Driscoll's testimony and his subsequent dialog with the chairman of the Foreign Relations Committee, Senator JOHN SPARKMAN. From these transcripts emerge a sharp picture of the not infrequent insensitivity of U.S. foreign policy in Latin America.

The text follows:

TESTIMONY ON THE NOMINATION OF MR. HARRY SHLAUDEMAN AS AMBASSADOR TO VENEZUELA

My name is Daniel Driscoll from Louisville, Ky., a priest member of the Catholic Foreign Mission Society of America, popularly known as Maryknoll. For the past eight years I have been privileged to serve in six different barrios in the capital city of Caracas, Venezuela.

I abruptly left the people with whom I work for the sole purpose of testifying here today because of the vital importance of this issue. I come not only as an individual but also as a representative of several Christian missionary groups. They include: The Maryknoll Fathers in Venezuela; The Diocesan Mission of St. Paul, Minn.; The Franciscan Sisters of St. Cloud, Minn.; The Edmundite Fathers of Venezuela; the Diocesan Mission of St. Cloud, Minn.; The Lutheran Missionary Staff in Venezuela, and the Rev. Robert Seal, a Presbyterian missionary in Venezuela. A total of forty U.S. Christian missioners, representing seven different groups of three distinct Churches have sent me to express our concern over the nomination of this new ambassador to Venezuela.

I want to emphasize that these Christian missioners, all United States citizens, work in a variety of different circumstances that put them in contact with a broad spectrum of the Venezuela Society, incorporating the upper class, the working class and the very poor. Some work in the capital and others in the interior of the country. They all agreed to this position of concern immediately and with an enthusiasm that quite frankly surprised me.

Why has this long trip to testify before your committee seemed of such utmost importance to us who work with the Venezuelan people?

Basically, because this nomination affects both our home country, the United States of America, and our adopted country, Venezuela. I have been sent to express our confidence in the people of the United States and the democratic process that makes ours a great nation, a nation which has given us life, education, vision and hope. It is here that our families and friends live. At the same time we have acquired a deep respect and affection for the Venezuelan people. After a long and difficult history of oppression and dictatorship, Venezuela has begun, and made remarkable progress in, the establishment of a democratic system of government. It is presently in its seventeenth year of a duly-elected democratic government making it the most stable democratic country in Latin America.

Recently, however, the relations between the United States and Venezuela have become strained. The reasons are many. Perhaps the most serious is that President Ford, before the United Nations and upon the inauguration of the World Energy Conference in Detroit, felt obliged to use 'doomsday language.' In subsequent statements the President and Secretary of State Kissinger made it clear that the use of military force against oil exporting countries is not ruled out by the United States in the case of grave danger to its economy. These words are extremely frightening to a country like Venezuela. Such a threat from a country twenty times the size of our own would also frighten us.

I have brought a number of clippings from the Venezuelan press which highlight the concern of the Venezuelan people regarding the nomination of the new American ambassador, which represents writers and politicians of all major parties. All express their opposition to the nomination. El Nacional, one of the two most respected and prestigious Caracas daily newspapers, on Dec. 28, 1974, said, "Political figures, representing all the political ideologies of the country, who were consulted by the reporters of this newspaper, expressed—some more than others, but with a rare unanimity—their preoccupation and uneasiness over the nomination of a figure considered in his own country as an expert in Latin American affairs, which could be of great advantage for good relations, if at the same time his past record in Santo Domingo and Chile did not force one to fear other possibilities."

This indicates an impression among the Venezuelan people that the United States is an ugly black cloud, a constant threat which is always present, always hanging over the horizon.

What has affected the people of Venezuela even more is the United States participation in the events that led to the overthrow of the duly elected Chilean President Salvadore Allende.

People with whom I talked in the barrio where I lived and worked at the time immediately mentioned the involvement of the CIA in Chile, involvement which directly led to the overthrow. One year later the President of the United States confirmed their suspicions. I speak for all the Christian missioners who have sent me to say that as American citizens it was abhorrent and appalling to learn, on the public admission of our President, that the United States had intervened in the internal affairs of another democratic country. For us the intervention of the CIA in Chile was immoral, unjust, disgraceful and against every democratic principle upon which our nation was founded and has grown. It caused us sadness and shame. Just last Thursday twenty-six political exiles, including ex-ministers of the Allende government, arrived in Caracas seeking asylum. Thus, this is still a burning issue in Venezuela. The Chilean coup and the U.S. role in it are still in the present tense in Venezuela.

These same poor people in my area were deeply affected and disillusioned. They said

such things as, "You see, Father, democracy is a farce. Just look what it got Allende." Others said, "We had great hopes in Allende, but now we know that the democratic system can never bring us real changes, much less justice." The result of this disillusionment is that it not only adds to the hopelessness and apathy which many slum dwellers already feel, but it either eliminates or noticeably weakens any serious hopes in the democratic way of life.

Mr. Chairman, we cannot overly exaggerate the evil effects of United States interference in Chile. It considerably weakens the hopes and aspirations of the Venezuelan people that effective changes can ever be brought about in a peaceful and democratic fashion. It has also tarnished the democratic image of the United States in Latin America.

There are serious and grave doubts about the nominee because he carried out his diplomatic duties as Deputy Chief of Mission, the number two post in the embassy, during the admitted CIA intervention in Chile.

The public is aware that the C.I.A. is currently under investigation by the United States Senate for illegal operations within our own country. Furthermore, the Associated Press reported that on January 22, former C.I.A. director, Mr. Richard M. Helms, had acknowledged before this very committee that he had withheld information concerning the Agency's covert operations in Chile against the government of President Allende. The New York Times, of February 16, indicates that the United States intervention in Chile was much more extensive than the C.I.A. involvement and laid the blame directly on the Nixon administration. It also suggests that the Congress will attempt to uncover the entire Chilean story in its current investigation of the C.I.A.

Therefore, in light of the above, namely:

1. The existing strained relations between the United States and Venezuela;

2. The unanimous opposition of all political parties and the student protests which have already taken place against the arrival of the new ambassador;

3. The devastating effect of the United States intervention in Chile to de-stabilize the duly-elected democratic government of President Allende;

4. The grave doubts that exist regarding C.I.A. policies both at home and at abroad that are still under investigation by this branch of Congress;

We as the Senate of the United States of America not to confirm the nomination of Harry Shlaudeman as Ambassador to Venezuela.

Our concern is that amid such an atmosphere of confusion, suspicion, mistrust, and tension, his appointment would present, at best, an ambiguous image of the United States' policy toward Venezuela, and more realistically, a confirmation of the fears and suspicions of many Venezuelans.

We want to see the steady, constant growth of our adopted country, Venezuela, still in the youth of its democratic process, so that it can achieve a lasting peace built on justice for all its citizens.

We want to see a positive image of our home country, the United States of America, but a positive image based on the reality of its fairness and friendship to a neighboring democratic country.

DIALOG BETWEEN CHAIRMAN JOHN SPARKMAN AND REVEREND DANIEL DRISCOLL

Senator SPARKMAN. Thank you very much, Fr. Driscoll.

Let me ask just this question. You presented a very clear statement and we appreciate it. If the people of Venezuela are opposed to this appointment, why would you think that the government of Venezuela signified its acceptance?

Fr. DRISCOLL. Well, Mr. Chairman, I obviously am not in the position to respond for the Venezuelan government, and I am sure that the Venezuelan government is more than capable of expressing itself and is more than capable of responding to whatever problem or strain would be brought up by this nomination.

However, what is indicated in the newspapers is that in an article of the Washington Post which I have here of the 30th of December, it suggests that the Venezuelan government preferred good relations with this country instead of getting into a fight over a nomination, particularly in light of the fact that, as I mentioned, relations between Venezuela and the United States have become somewhat strained.

As you recall, sir, it was Venezuela together with Ecuador which led the opposition to Title V of the Trade Bill, which led to the postponement of that meeting of the foreign ministers which was to take place in Buenos Aires next month. And so apparently the feeling was, as expressed in the article of the Washington Post, that they felt that the good relations between the two countries were more important.

However, what I am here to try to express to you through the group that I represent is the concern of the Venezuelan people. And it is interesting to note that from the very beginning all of the political parties opposed this nomination.

I have here, sir, I brought a whole page from this newspaper El Nacional, which is very interesting because on the one hand you see an article saying that politicians quoted, including one from Accion Democratica, which is the party in power. Down here in the lower righthand side you have the Youth League of that same party from the State in which the oil is extracted also protesting, but up here you have the article saying that the government gave a placet.

So of course after this date the government party backs off. They have been interviewed before they knew the government gave the placet. Nonetheless the impression that is given is that to foster these good relations it is better just to let this nomination pass, although I have one quote here that is very interesting from Dr. Gonzalo Burrios, who is the President of the Congress who belongs to the Accion Democratica, the party now in power, and this is from the other big newspaper in Caracas, El Universal. And he states that what the government has been saying is the important things the policy between its two countries, not so much the individual. But then at the end he adds this very interesting statement: "But there is one thing for sure," as I am translating from the Spanish, "one thing for sure, we have to be on our toes to avoid that this new Ambassador does what he pleases, if doing what he pleases is his intention."

So you see that what comes through is not particularly, that they are not particularly delighted by the appointment and they have their reserves. You have the Christian Democrats, the other big party, also opposing it.

Now I think the other thing that we who are Christian missionaries who are working in Venezuela want to convey to this Committee, that the Venezuelan people of all classes really take this as an affront. They would say one of three things: either the states are stupid and we do not know where this man has been; or do they want to threaten us, or do they really want to continue the covert activity that went on in Chile? Do they want to move that to Venezuela now, especially since we are going to nationalize the oil?

Now as I mentioned in my testimony I was personally surprise at how quickly and how unnanimously all of these Christian missionaries responded to this concern and signed the letter that we sent to you, sir, and approved of my coming here. Just to give you an example: I called up the Presbyterian minister, Rev. Bob Seal, and I was going over to his place with the letter and my car broke down, so I had to call him back and he said, "It does not matter whether I see the letter or not. Put my name down because the Venezuelans are so opposed to this nomination that I am against it."

And what impressed me was he works in an upper class section and I have worked in barrios and slum sections and it was a real revelation to me to see how this cut across all levels of life, government housing, upper class, lower class, people in Caracas, people outside of Caracas. And I think that we want to bring this information to you, sir, and to your Committee.

Senator SPARKMAN. Well, of course we are very glad to have all of the information. By the way, we have the clipping from the Washington Post that you referred to. This nomination was made and before the President sent it up here, it was referred to the Venezuelan government and the Venezuelan government said that he would be acceptable.

Now that is the official word, and by the way, I noted with interest in your statement the very fine compliment that you paid to the present Venezuelan government. You said "it is presently in its seventeenth year of duly-elected democratic government making it the most stable democratic country in Latin America."

Now I would like to think that a government like that would deal fairly and frankly with another government, our government, and that if, for any reason, they decided to support what was not acceptable, they would have let us know.

Fr. DRISCOLL. It is very interesting that you touched that point, Mr. Chairman, because—and once again, I am not here, I am not competent on a level of government-to-government. We have come as a group of United States citizens, who, I guess we are basically concerned about two things, is this. First of all—and it is most interesting that you mention or refer to what I said about Venezuela being the oldest democratic government because you know that before that the oldest democratic government was Chile. Before there was a coup, Chile had a much longer history of democratic process that Venezuela. And can you not see the incredible implications of taking a man who is at the number two post of the embassy in this democratic country at the time when the coup took place and it is later admitted by the President of this country that there was covert activity by the CIA, where it is suggested by some responsible sources that it might have been much broader than that. While this whole can of worms, shall we say, has not been opened, a man is sent from what was the oldest democratic country in Latin America.

And the thing is that this, to the Venezuelan people, as I say it makes them think what happened? What is going on? And I think one thing is very important, Mr. Chairman. One of the reasons this thing affected Venezuela so much was that Venezuela was in an election process when Allende fell. You see, Carlos Andres Perez was elected President on December the 9th, 1973, so that in September, I guess September the 11th when Allende fell, the campaign was in full swing.

So I know people who said to me, "Well, what does my vote mean if I vote to the Left and the United States government and big business interests do not like it? They are going to pull the same thing they did in Chile."

So people really even question the value of their vote, and even more so of the democratic system.

So I think that precisely because Venezuela is a democratic country and precisely because the United States failed so dismally with the other oldest democratic government, we should really go out of our way to make

clear that we do favor the democracy of Venezuela. This is our concern.

Senator SPARKMAN. Well, I thank you. You have given us a very clear statement. We are pleased to have it and we thank you very much.

Fr. DRISCOLL. Might I just add one other point?

Senator SPARKMAN. Yes.

Fr. DRISCOLL. I think our basic interest as priests, as ministers, and also the Sisters I represent is in the moral question of the human rights of the Venezuelan people and of the right to its own self-determination that Venezuela has. But there is another big concern we have. We are United States citizens and quite frankly, we do not go to Venezuela to represent this country or for patriotic motives. We go for Christian motives.

On the other hand, we are getting a little bit tired of seeing the United States being the whipping boy, being accused of everything, and unfortunately, it is not just rumor-mongery; it has a very deep basis in fact.

And our concern is to make it known to your Committee that Venezuelans read the press. They are aware, for example, of where Mr. Shlaudeman has worked. They are aware of what President Ford has admitted. They are aware of all these things I mentioned. Representative Harrington's views were on the front page. I have the clipping here. People know that Mr. Shlaudeman has been accused of very serious things. And so if he is sent without those things at least being cleared up, then the impression is given that the United States either does not care that it really wants to put, as many of the journals and newspapers suggest, wants to put on the real tough political pressure, or that it wants to carry on covert activity. And we, as U.S. citizens, frankly, you know, this is not going to kill me; that is not why I am there. But really, what can I say, sir, to a Venezuelan who is saying, who refers to the United States as the monolithic giant, as the imperialistic power, after what happened in Chile, and now that a man who was in a very important post in the Chilean embassy is going to Venezuela? What can I say?

And as American citizens that does concern us. And we would hope very seriously that, knowing that democracy is for the people, in dealing with another democratic country, we would seriously hope that that is taken into consideration.

Senator SPARKMAN. Well, let me say that we give you full credit for speaking your own mind, and we know that you have been sincere and we are glad to have your testimony before us.

Thank you very much.

Fr. DRISCOLL. You are welcome.

LETTER TO SECRETARY ROGERS C. B. MORTON

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. DINGELL. Mr. Speaker, pursuant to permission granted I insert into the RECORD a letter sent by the Honorable HENRY S. REUSS and me to the Honorable Rogers C. B. Morton on March 14, 1975. The letter is as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 14, 1975.

HON. ROGERS C. B. MORTON,
Secretary, Department of the Interior, Washington, D.C.

DEAR SECRETARY MORTON: On February 5, 1975, Deputy Under Secretary of the Interior W. W. Lyons advised your Assistant Secretaries for Land and Water Resources and for Fish and Wildlife and Parks that you "had decided" that the Bureau of Land Management should administer "exclusively" the Kofa Game Range in Arizona, the Charles Sheldon Antelope Range in Nevada and the Charles M. Russell National Wildlife Range in Montana. Each of these areas are part of the National Wildlife Refuge System established by Congress on October 15, 1966 (16 U.S.C. 668dd).

For years, these areas have been administered jointly by the BLM and the Fish and Wildlife Service. Indeed, each of the Executive orders establishing these game ranges in the 1930's provided that they "shall be under the joint jurisdiction of the Secretaries of Interior and Agriculture." At that time, fish and wildlife functions resided in the Agriculture Department.

We think your recent decision to abandon this practice after more than 40 years and place these areas under the exclusive administrative jurisdiction of the BLM is ill-advised, contrary to the public interest, and in violation of the Congressional intention and understandings of the 1966 Act. In addition, your decision ignores the requirements of the refuge revenue sharing provisions of 16 U.S.C. 715s and it was made without compliance by your Department with the requirements of the National Environmental Policy Act of 1969.

The basic purpose of section 4 of the 1966 statute which your Department first proposed as a "draft bill" to the Congress on June 5, 1965, was to give statutory recognition to the then existing five types of areas that constituted what was called the national wildlife refuge system, namely the wildlife refuges, game ranges, wildlife management areas, waterfowl production areas, and wildlife ranges. In addition, it added a sixth area for endangered species, and provided "sanctions and enforcement provisions designed to protect the needs of fish and wildlife conservation in all areas of the system." (H. Rept. 89–1168; Oct. 15, 1965, p. 2).

When the legislation was being considered by Congress, we were informed by the Interior Department that some areas of the then existing System were being "jointly administered" by Interior and "various Federal agencies." We were also told that Interior was "reviewing the present status of the public lands" included in the then established System "to determine whether any of them should be managed on multiple use principles under the general public land laws." The Department assured the Congress that its draft bill did not "portend any different policies, practices, or procedures from those now being pursued" (i.e., in 1965). (H. Rept. 89–1168, *supra*, p. 16).

Thus, the legislation was enacted by the Congress with these understandings. Congress did not object to joint administration of some areas or to the possibility of multiple use of some areas under the general public land laws. Indeed, Congress specifically provided in the statute that the mining and mineral leasing laws continue to apply and authorized the Secretary to permit use of any area in the System "for any purpose, including but not limited to . . . recreation and accommodations, and access." In fact, virtually any use was authorized which is "compatible" with the major purpose for which the areas were established.

When the 1966 Act was enacted, section 3(d)(2) of the Fish and Wildlife Act of 1956 (16 U.S.C. 742b(d)(1)) specified that the then Bureau of Sport Fisheries and Wildlife "shall be responsible" within Interior for such matters as "migratory birds, game management, wildlife refuges," etc. Thus, Congress did not contemplate, nor did Interior suggest, the possibility that Interior would interpet this new statute as allowing it to transfer several areas of the System to the "exclusive" administration of an agency (namely the BLM) not particularly noted for zealously conserving and protecting wildlife and thus eliminating any role for the Fish and Wildlife Service.

Your Solicitor pointed out in a November 27, 1974, memorandum to the Under Secretary that under your decision the BLM "would be free to adopt regulations governing the administration" of these areas *"of a different form and content than those adopted by the Fish and Wildlife Service."* (Emphasis Supplied.) The Solicitor warned:

"As a consequence, two parallel systems of Wildlife Refuge regulations could result from the proposed delegation."

Such a "result" was never intended by Congress, particularly since it could mean that the BLM would provide less protection to wildlife than would the Fish and Wildlife Service.

The transfer of administration over these ranges to the Bureau of Land Management will deprive the treasury of funds which under a 1964 statute must be covered into the treasury each year and reserved in a "separate fund" for payments to counties for public schools and roads, "for management" of the System and for "enforcement of the Migratory Bird Treaty Act." This Act, enacted on August 30, 1964 (78 Stat. 701) amended section 401 of the Act of June 15, 1935 (64 Stat. 595, 693–694; 16 U.S.C. 715s) to provide that all revenues received by Interior from the "operation and management" of areas within the National Wildlife Refuge System "that are solely or primarily administered" by the Secretary of the Interior, *"through the United States Fish and Wildlife Service,* shall be covered into the treasury" for dispostion to counties and for the other purposes mentioned above. Transfer of "exclusive" administration of these three areas to the BLM by Secretarial fiat will result in these revenues being covered into the treasury as miscellaneous receipts, not as funds reserved for the purposes stated above, and none of the money will go to the counties or these other purposes.

We think that such a result was clearly not intended by Congress in 1964. Congress did not expect that Interior would deprive this "fund" of revenues through the device of placing the ranges under the exclusive administration of an agency other than the F&WS. We note that the Solicitor's November 1974 memorandum did not mention the 1964 Act or the effect which the proposed transfer would have on the funds which that law requires to be covered into the treasury as a "separate fund" for the purposes mentioned above.

You will recall that only a few weeks ago the National Park Service sought to circumvent NEPA in the case of its proposal to abolish parking and eliminate roads on the Mall in Washington, D.C. and substitute a shuttle bus service to and from R. F. Kennedy Stadium. We promptly urged that the NPS prepare an environmental impact statement. When the NPS refused to do so, interested citizens sued Interior. Judge Waddy enjoined the proposal until an EIS was prepared, and now the National Park Service has agreed to prepare the EIS as directed by the court.

We believe that the Department's failure to prepare an environmental impact statement violates the National Environmental Policy Act. The decision to transfer all administrative jurisdiction of these areas from the Fish and Wildlife Service to the Bureau of Land Management with the attendant possibility of a "parallel" system of regulations that could be different in "form and content" and with an adverse affect on the revenue sharing provisions of 16 U.S.C. 715s is a major Federal action that will have a significant effect on the human environment.

Indeed, on February 11, 1975, the Assistant

Secretary for Fish and Wildlife and Parks expressed strong reservations about this "decision", stating that it will be "most controversial and will obviously require an environmental impact statement and public hearings." We understand that on February 18, 1975, Deputy Under Secretary Lyons asked the Solicitor for an "opinion as to the need for a 102 [EIS] statement for any or all of the three game ranges to be transferred to BLM."

1. We urge that you promptly revoke your transfer decision. Before any further attempt is made to transfer the administration of any area of the System exclusively to the BLM or any other agency, we request that an adequate environmental impact statement be prepared and hearings held thereon.

2. Please provide to us a copy of (a) the Solicitor's opinion requested by Mr. Lyons, (b) the Solicitor's memorandum of February 19, 1974, and (c) all other memoranda, notes, letters, etc., concerning these matters.

We are sending a copy of this letter to Congressman Robert L. Leggett, Chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Committee on Merchant Marine and Fisheries. Please provide a copy of your reply to him.

Sincerely,

JOHN D. DINGELL,
Member of Congress.
HENRY S. REUSS,
Member of Congress.

SENATOR GAYLORD NELSON MAKES SENSE IN DAIRY PRICES

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. OBEY. Mr. Speaker, before Members make up their minds on the farm bill, I hope they will read the following statement from Senator GAYLORD NELSON.

Wisconsin is a State of 4½ million people, but there are only 50,000 dairy farms in the State. In my own district of 500,000 people, I represent only 12,000 dairy farmers, so my consumers far outnumber my farmers, but I want to share with you some good, solid, proconsumer reasons for supporting the dairy provision of the agriculture bill we will be voting on next week.

The following statement of Senator NELSON's is the best statement on dairy problems I have seen. It is a statement from a man who, like I, has not just supported the interests of rural America, but has supported mass transit, minimum wage, OSHA, legal services, land use, and consumer protection legislation.

I have received a Dear Colleague letter suggesting, in part, that the dairy section should be opposed, because it will increase prices somewhat. Let me point out to you that minimum wage legislation, OSHA legislation, and environmental legislation all have increased costs somewhat but we have voted for them, because they are in the national interest and because we recognize that in the workplace and in the environment the situation is similar to agriculture—there is no free lunch.

I hope Members will read the following and then agree with me that it is in the consumers' interest to support the dairy section of that farm bill.

Senator NELSON's statement follows:

WASHINGTON, D.C.
March 13, 1975.

DEAR COLLEAGUE: The important question that faces our nation in terms of the dairy price support proposals now before the House is simply this: Can we continue government policies that appear almost certain to result in this nation's losing self-sufficiency in what represents 25 percent of its food supply?

The importance of that question prompts me to impose upon your good graces to set forth the dimensions of the crisis facing America's dairy farmers and the importance, therefore, of passing the proposed legislation.

The American dairy farmer is faced with an economic crisis that is bankrupting him, and unless that crisis is resolved, our grandchildren, as one expert put it, may have to take their children to zoos to see dairy cows.

That is not an exaggeration. Since 1951, 60.3 percent of the nation's dairy farmers have quit. In the 1969 to 1973 period, 56 percent quit. In Wisconsin alone, the number of dairy herds decreased from 132,000 in 1951 to just over 53,000 at the end of 1974.

The number of milk cows in the United States has decreased by almost 10 percent since 1969. Most distressing, our national milk production is declining at a rate that indicates, according to a University of Illinois study, that we will no longer be self-sufficient in the production of dairy products as early as 1980.

The American consumer must be made to understand that unless we institute a constructive policy for our dairy farmers that does away with boom and bust by putting a floor under their income, consumers will one day, and soon, be faced either with massive dairy shortages or exhorbitant prices for those dairy products that are available.

As the expert who predicted the zoo situation added, "The nation will take another notch in its belt because the source of 25 percent of the food supply will have vanished."

For too long all of us have taken for granted the abundance of food at low prices that American farmers have provided us. We have not realized that the miracle of production was made possible not only through the productive genius of our farmers, but by their willingness to subsidize the rest of us in the process.

That is right—the American dairy farmer has been subsidizing the American consumer. He has done that by working longer hours than the rest of us, by accepting a lower return on his investment than any other continuing segment of American business, and by pressing himself and his family into a labor team that is the lowest paid in the nation.

Several facts dramatize this situation all too well:

The dairy farmer does not control the price he receives for his product. While inflation has continually and insidiously raised his cost of production, government policy in recent years has almost never set a price support level for milk that will insure him a profit.

In 1973, for example, it cost the average Wisconsin dairy farmer with a herd of less than 50 cows, $7.75 to produce a hundredweight of milk for which he received $6.87 under the federal support program. While his income improved some during early 1974, it has been on the decline ever since, and in my state in January, 1975, the average price received was back down to $6.80 a hundredweight.

Needless to say, the cost factors that totalled $7.75 in 1973 have continued to spiral since then, so that the Wisconsin dairy farmer is losing more money now than ever. As a result, thousands of them are attempting to sell off their herds and get out of the dairy business.

In January of this year, after the President vetoed a bill passed overwhelmingly by the Congress that would have increased price supports to 85 percent, the Department of Agriculture did readjust the figure set April, 1974, to once again represent 80 percent of parity in January, 1975.

But the Department also announced then that it would not make another price support adjustment until April 1, 1976.

Even now the 80 percent January adjustment is delivering very little help to the hardpressed Wisconsin dairy farmer. It should mean that he will receive $7.10 a hundredweight for about 75 percent of the milk produced in the state. In actuality, in January he received less than that.

The question naturally arises then, why and how do dairy farmers stay in business. The answer is two-fold; thousands of them are not—they are getting out as fast as they can, at a rate that has farm auctioneers in Wisconsin booked for months ahead; and those who are remaining in business do so by asking their families to make sacrifices that would be unheard of in other industries.

That is how the farmer subsidizes the consumer.

Other countries have recognized this problem and have acted to assure themselves of viable dairy industries with their farmers assured of a liveable income. Canada, for example, from October of last year set price supports at $9.41 a hundredweight and has just now increased that to $10.12. The Common Market, which adjusts the rate from nation to nation, has had an average support level of $8.10 per cwt., increased that to $8.59 on February 1, and announced a further increase to $8.99 for September 16, 1975.

American dairy farmers' wage earnings are a scandal. If the farmers went on strike and properly told their story, their cause would have the enthusiastic support of organized labor, the nation's clergy, and even substantial portions of the nation's press.

Certainly at the present support level, the average dairy farmer will be forced to quit production. Not all of his cows will go out of production, but the rate at which farmers are quitting and cows are leaving production, it is apparent that consumers are in for trouble. We can lose self-sufficiency, we can destroy the productive capacity for 25 percent of the nation's food.

Other than the critical loss of 25 percent of our food, the general public would suffer otherwise if our dairy industry is destroyed. Our dairy farms earn $1.3 billion each year, which in turn generates an additional $47 billion in the gross national product. Every one of the 490,000 dairy farms in the nation generates an additional five jobs in related industries, a total of 2½ million jobs throughout the country that could be jeopardized.

There are encouraging signs that American consumers and their representatives in Congress are beginning to understand their own personal stake in these matters. The huge majority in the Congress that supported the 85 percent parity bill late last year points to this. Renewed interest of urban representatives to serve on the congressional committees on agriculture give additional testimony.

That is promising, but time is of the essence. If we do not stabilize our dairy industry by providing an income floor, our dairy farmers will be forced to quit. That would be an outright disaster for them personally. It would be an absolute catastrophe for the American consumer.

Sincerely,

GAYLORD NELSON,
U.S. Senator.

EMERGENCY EMPLOYMENT APPROPRIATIONS BILL

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. RUPPE. Mr. Speaker, as a Representative from the State of Michigan, I am deeply concerned about the human and economic costs of unemployment and believe that the Congress has a heavy responsibility to formulate rational, far-reaching programs to combat joblessness. In an effort to fulfill this responsibility, the House of Representatives has just passed a whopping $6 billion emergency employment appropriations bill.

While I believe that this bill has some commendable features, I am distressed about the fact that it appropriates another $1,625 million for title VI of the Comprehensive Employment and Training Act. As we all know, public service jobs help to relieve the sympoms of unemployment by massive infusions of Federal dollars, but do nothing to eradicate its cause. As soon as the medicine is gone, unemployment is likely to rise again. That is, of course, unless the Congress capitulates to the powerful pressures which will be on it to renew the prescription.

Moreover, our public service jobs program will only employ a small percentage of the jobless—4 percent at the most—while its cost will be inordinately large. It takes $800 million to employ 100,000 people in public service jobs, or three times as much as it would cost to provide them with extended employment benefits; and public service jobs have little ripple effect to redeem them. I am concerned, too, about the fact that public service job moneys have been notoriously misused and mismanaged. Studies have shown that 55 to 65 percent of all municipal public employment jobs are really recalls—local employees who are "fired" and then rehired at Federal expense—and there are reports that some communities are already beginning to lay off workers in preparation for the arrival of Federal funds.

At a time when there are millions of Americans who are genuinely in need of work and at a time when there is no shortage of useful work to be done—upgrading our dilapidated railroad beds comes immediately to mind—I believe that it is unconscionable to target such a large portion of our reconstruction dollars on public employment programs. In my view, this is a dangerously shortsighted approach which does a disservice to the employed and unemployed alike. I consequently voted in favor of the Myer amendment to delete the entire $1.625 billion for title VI of CETA and deeply regret the fact that this amendment was not successful.

I did, however, vote for passage of the bill as a whole because I felt that the $3.675 billion which it appropriates to accelerate Federal construction and purchasing programs would put people to work on productive tasks and help to stimulate private industry. For example, this money would step up the purchase of 121,000 vehicles for Government use, expand the Small Business Administration's loan authority, increase funding for the Economic Development Administration, accelerate public works construction, and provide additional money for rural water and sewer construction. Studies estimate that more than 600,000 jobs would be directly created by these construction and purchasing programs and indicate that large multiplier effects would also be generated. I therefore believe that this is the most effective way to combat unemployment and hope that future legislation will deemphasize the costly and inefficient public service jobs approach in favor of an approach which provides the jobless with meaningful and productive employment.

FEDERAL BUDGET PRIORITIES FOR CHILDREN AND YOUTH

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SCHROEDER. Mr. Speaker, our children and youth represent America's greatest human resources. Although the majority of us agree to the inestimable value of our children and their contribution to our future society, in our national priorities this is often not evident.

I am alarmed that the President's proposed budget for 1976 does not include two programs that are essential to the well-being of our children and youth. I speak of the women, infant and children—WIC—program and the supplemental food program for families.

This is of particular concern in my district. The Denver Department of Health and Hospitals has participated in the USDA Commodity Supplemental Food Program since late 1969. It was designed to provide highly nutritious foods to those groups considered most vulnerable to malnutrition, for example, women during pregnancy and up to 1 year after and children under 6 years of age. This is vital to children. Any infant who is malnourished in early life or whose mother is malnourished may have irreversible brain damage. The commodity supplemental food program is in the end less costly and certainly more humane than undernourishment and hunger. Underinvestment in children generates a viscious cycle of poverty and welfarism.

Michael S. March, who has retired from a senior career position in the U.S. Office of Management and Budget after 33 years of Federal service, has accepted a joint appointment as assistant vice president for budgeting and planning of the University of Colorado Medical Center at Denver and as professor of public affairs in the University's Graduate School of Public Affairs. During 28 years as a staff member of the Bureau of the Budget and the Office of Management and Budget, he was engaged in legislative and program analysis in a wide range of fields, including labor and welfare, education, manpower, income maintenance, and science programs. Dr. March presented the following comments to the Citizens for Children at Portland, Oreg.:

FEDERAL BUDGET PRIORITIES AND CHILDREN AND YOUTH

(Comments by Dr. Michael S. March)

I have been asked to talk about Federal programs and priorities as they affect children and youth. This is a vital topic which deals with the central issue of creating a just society. My comments, of course, are my personal views as a professional analyst of national priorities.

Let us consider the gap between our professed national attitudes toward children and our national performance in assuring them full opportunities for their development.

We have had plenty of pronouncements regarding children and youth from many forums since 1909. There have been seven decennial White House Conferences on Children and Youth. We have had the Federal Interdepartmental Committee on Children and Youth, and the National Council of State Committees for Children and Youth, and many other private and public organizations to promote the welfare of children.

In these organizations we have clearly seen that the quality of the United States as a society is being shaped for the decades ahead by how we rear and educate our children and youth. The attitudes and the capabilities of our 80 million young people are the most important guaranty we have that our society and our constitutional form of government will last through the decades ahead.

The people who attended the successive White House Conferences were intelligent and very dedicated. They made many perceptive statements and they were influential in coloring the pronouncements of national leaders. The 1930 Conference, for instance, boldly proclaimed "the children's chapter", which was an admirable statement.

All the Presidents since Theodore Roosevelt have responded by making strong verbal commitments on behalf of children in their messages and press releases. President Nixon, in 1969, called, for example, for a "national commitment to providing for all American children an opportunity for healthful, stimulating development during the first five years of life . . .". But then in 1971 he vetoed the Child Development bill for day care of preschool children.

Broadly speaking, the implementation of the lofty promises made in the last 60 years regarding programs for children has been poor. President Johnson's "Great Society" efforts made a good start in the anti-poverty and education areas, but social progress was side-tracked in favor of prosecuting the costly and divisive Vietnam War. By any reasonable standard of feasible humanitarian performance for this affluent country, the United States has failed its children and youth. The parents in the past have failed them in distressingly large numbers—and deterioration of the family structure augurs ill for the future. Many school districts and communities have failed their children. I doubt that any State can say it has succeeded in doing a proper job. Certainly the Federal Government has failed to do its fair share. The failures have been the result of inadequate commitment to goals, poor organization, and allocation of insufficient money.

The record has bright spots, to be sure. Let me cite two.

We have conquered most communicable diseases and have sharply reduced infant and child mortality. We are also the most educated, if not the best educated, country in the world.

Yet one of the principal findings of the 1970–71 White House Conference was the shocking conclusion that the Nation is still neglecting its children. Considerable data on the failure were assembled in a series of 8 background studies which were prepared under my direction for the Conference. Because of the interest shown by Senator Ribicoff, these were subsequently published in September 1971 by the Senate Committee on Government Operations under the title of "Government Research on the Problems of Children and Youth."

Consider also and explain the following phenomena with respect to our nation's children and youth:

Poverty has been reduced, but still about 12 million children and youth under age 21 were living in poverty in 1972 in families or as individuals. There were 7.8 million children on the welfare rolls in late calendar 1973—five times the number in 1950. Despite the rapid expansion of federal food programs in the last 7 years, many of these children receive inadequate nutrition for proper human development, and some of them still live in actual hunger.

Children are the largest group among the American poor. They were 47 percent of the 24.5 million poor in 1972. A disproportionately large number of deprived children are from minority groups who bear the effects of economic and social discrimination. The recent double-digit inflation and the simultaneous rise of unemployment to 6 percent will escalate the number of poor and inflict hardship on many children, including children from former middle class families and especially the children of minority families. Welfare rolls will rise.

The condition of our health care system is deplorable. Some 40,000 infants in deprived families die each year who could readily be saved by maternal and infant health care of the quality available today to most families. Most States today tolerate huge inequalities in infant death rates in their boundaries.

National education achievement has risen markedly and this is essential because schooling is an absolute necessity for effective social and economic participation in today's world. Nevertheless, about one-fifth of all youth still drop out before finishing high school. And many who graduate are functionally illiterate by objective military entrance tests. As a result, based on data Office of Education technicians gave me in 1971, an estimated one-fourth of our young adults—approaching one million each year—leave the educational system unequipped with a 10th grade education, the level which experts adjudge is necessary to function effectively in our complex society.

Taken altogether, the mental and health deficits accrued by many of our children and youth are so substantial that a few years ago it was estimated that one-third of all young males could not meet regular military entrance standards. Military entrance standards have been relaxed to meet quotas of the new volunteer Army.

We have a national paradox of lofty ideals and low-level performance when it comes to children. This problem begins in our homes, but much of it carries over to our public policies in local school districts and counties, States, and Federal agencies.

The United States was founded on the principles of freedom and the worth and dignity of the individual. We subscribe readily to the philosophy that our country should assure opportunity for the fullest development of the potentialities of each and every child.

Notwithstanding our ideals, our actual priorities, private and public, refute our philosophy of equality and full opportunity for children and youth: Our social, economic, and political institutions fail to deliver the opportunities our children need and which our national leaders promise for them. Our failure as a nation in this respect is hurtful to our national strength and subtracts from the common welfare. Proper development of our children and youth is probably the only feasible way to prevent a substantial degree of poverty, delinquency, violence, and social and political breakdown. It is hard to visualize a category of public programs which is more important to the prevention of social and economic ills in our society.

Hundreds of thousands of our children are virtually condemned to failure on the day they are born because of the social and economic disadvantages of their parents and inadequate communities.

We are all concerned, for example, with rising crime rates—for which youths are very largely responsible. However, few of us are cognizant of the basic causes of crime. A recent study of the Colorado State Division of Youth Services analyzed 444 entrants committed to the State's Lookout Mountain School for Boys and the Mount View Girls School from July 1, 1972 to May 1, 1973. Over 90 percent of these "certified" delinquents had learning disabilities—such as inability to read, inability to think abstractly, and so forth. The average number of learning disabilities was 2.4 per youth. No wonder they failed in normal school pursuits and went into crime in the streets. The question left is: What did our society do to identify their basic problems and correct them before these youths became antisocial? Did we give them a fair start in life?

When children are allowed to be born handicapped or to become so, it costs the public dearly. Education for a handicapped child is two or three times as expensive as for a normal child—and the results are smaller. A crime career costs the society $500,000.

It seems clear that when the futures of children are blighted, the nation's security and welfare are impaired and its future is short-sighted. Our national priorities need to be reordered to give children a better chance in life. Somehow we must find a way to close the gap between the big promises and the meager performance. This is a problem which the Federal Government faces, but also one which afflicts States, cities and counties—and individual families, too.

THE GEORGIA POWER PROJECT: A STRATEGY FOR SOCIALISM—PART V

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McDONALD of Georgia. Mr. Speaker, I am presenting today the fifth part of my report on the Georgia power project and its supporters who are attempting to use the energy crisis as an organizing tool to promote Marxist socialism in this country:

THE GEORGIA POWER PROJECT: A STRATEGY FOR SOCIALISM

THE NATIONAL LAWYERS GUILD (NLG)

A Staff Study in the House Committee on Internal Security hearings entitled "Revolutionary Activities Directed Toward the Administration of Penal or Correctional Systems," Part 3, p. 1301 (1973) on the NLG reads:

"The National Lawyers Guild was formed in 1936 with the assistance of the International Labor Defense (the American section of the International Class War Prisoners Aid Society), an agency of the Comintern. It is still affiliated with the International Association of Democratic Lawyers, an international communist front controlled by the Communist Party of the Soviet Union. In a 1950 report, the former House Committee on Un-American Activities characterized the National Lawyers Guild as 'the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions.' The Subversive Activities Control Board found on April 20, 1953, that the Communist Party, USA is 'substantially directed, dominated, and controlled by the Soviet Union.'

"The executive secretaries of the NIG from 1940 to 1961 were all identified members of the Communist Party, as were the 1960–61 and 1970–71 national presidents. Although originally composed solely of lawyers, the NIG admitted law students as members in 1970 and 'legal workers' and 'jailhouse lawyers' in 1971. It claims about 3,500 members who are organized in six regions and in 18 city chapters and 20 or more law school and independent chapters. One of the largest chapters, with 600 members, is in the San Francisco Bay area.

"After the 1971 convention the NIG set up a Southeast Asia law project which military authorities accused of creating dissention and disloyalty among servicemen.

"The current political orientation of the NIG is exemplified by statements at its 1971 convention to the effect that we are a body of radicals and revolutionaries who propose to carry the struggle for social change into our lives and our professions; a statement by Attorney William Kunstler that 'I want to bring down the system through the system'; and a statement concerning the NIG members' role in the prison movement which was described as 'to relieve physical and political conditions with an eye toward the destruction of the capitalist prison system.' In the 1973 convention, the NIG took the position that 'the main component of the socialist revolution in the United States will be an organized revolutionary working class, including a neutralized revolutionary military * * *. We of the guild are attempting to support those organizing within the American working class since we believe it is only the workers who have the power to seize control of the means of production * * *.'"

The National Lawyers Guild Referral Directory, 1973, & Supplements contains the following listing under Georgia:

M–L Court Reporting and Paralegal Services, Inc., 956 Juniper St., N.E., Atlanta, Ga. 30309. (404/872–2930).

Barbara Aiken—legal worker, court reporter.

Ginny Boult—legal worker, court reporter.

Roger Friedman—legal worker, legal secretary, legal research, court reporter.

The NIG Referral Directory also lists among others:

Al Horn, 15 Peachtree St., N.E., Atlanta, Ga. 30303. 404/524–6878. Labor, criminal law, general.

Mary Joyce Johnson, 551 Forrest Road, N.E., Atlanta, Ga. 30312. 404/552–9135. General practice.

Doyle Neimann, 624 N. Highland Ave., N.E., Atlanta, Ga. 30312. 404/873–5851. Legal worker.

Guild Notes, the official national publication of the NLG, in January, 1974, listed Roger Friedman, 393 Fifth Street, NE, Atlanta, Ga. 30309. 404/876–0608 as a member of the National NLG Finance Committee.

Guild Notes, Feb. 1973, lists the NLG Atlanta Regional Office as 956 Juniper St., N.E., Atlanta, Ga. 30309. 404/872–2930.

The Great Speckled Bird, 7/9/73, listed among its staffers Doyle Niemann, Barbara Aiken, Ginny Boult, Stephanie Coffin, Steve Wise and Pam Beardsley.

It is noted that the estranged husband of Ginny Boult, Reber Boult, preceded Gene Guerrero as executive director of the Georgia chapter of the American Civil Liberties

Union. Reber Boult was one of the leaders of the NLG Southeast Asia law project which attempted to create dissension and disloyalty among U.S. servicemen.

The *Great Speckled Bird,* an Atlanta "underground" newspaper formed by former members of the Southern Student Organizing Committee (SSOC) and SDS, on January 23, 1975, contained an interview conducted by Steve Wise with Mary Joyce Johnson, 28, vice-president of the National Lawyers Guild and formerly a lawyer with the Atlanta Legal Aid Society who had just returned from a trip to North Vietnam.

It is noted that the Georgia Power Project position paper distributed during 1974, "The Fight Against the Georgia Power Company," stated that at the GPP's formation in 1972, the GPP "included in our ranks a Legal-Aid worker who had experience working on power cases before and who either knew much of the procedure or had access to those who did."

The *Bird* article stated:

"Mary Joyce Johnson * * * travelled in Vietnam under the auspices of the Vietnamese Lawyers Association (VLA) as part of a four-person delegation sent by the International Association of Democratic Lawyers (IADL), a progressive international organization to which both the NLG and the VLA belong. Others in the delegation were the General Secretary of the Algerian Bar Association, a professor of international law from the University of Belgium, and a professor of international law at the International Institute in the Soviet Union.

"The VLA had requested the IADL to send the delegation as part of a build-up to an IADL conference on the situation in Vietnam held in Paris, France, Jan. 18–19."

The February, 1975, issue of the *Southern Regional Guild Newsletter* published the NLG's account of various Georgia Power Project and *Great Speckled Bird* lawsuits against the Georgia Power Company.

NATIONAL CITIZENS COMMITTEE FOR BROADCASTING

The National Citizens Committee for Broadcasting (NCCB) has its offices as 1914 Sunderland Place, N.W., Washington, D.C. 20036 (202/466–8407). NCCB states it is a "public interest" organization. Its head is former Federal Communications Commissioner Nicholas Johnson.

In the context of the Citizens Energy Conference and the Georgia Power Project, the NCCB made a presentation at the conference detailing the methods by which local activist groups can obtain free time on radio or television to reply to broadcasts with which they disagree.

NCCB works closely with the Media Access Project (MAP) which also was actively present at the conference. In 1972, the Media Access Project filed a brief with the FCC seeking equal time for the Georgia Power Project, the Georgia chapter of the National Tenants Organization, the local affiliate of the National Welfare Rights Organization, and the Atlanta Labor Council, AFL–CIO to refute Georgia Power Company paid advertisements.

The MAP operates on a $110,000 budget from grants from the radical-supporting Djb, Eldridge and Playboy foundations, as well as the Rockefeller Family Fund. MAP's executive director, Tom Asher, an attorney, was one of the leading speakers in Atlanta at the Power Project's 1973 Conference on the Energy Crisis.

NEW AMERICAN MOVEMENT

Members of the New American Movement (NAM) have been involved in "energy-organizing" projects for the past two years in Georgia, North Carolina and Maryland. With a national headquarters at 2421 E. Franklin Avenue South, Minneapolis, MN 55406 (612/333–0970), NAM lists over 40 chapters and "prechapters," and claims more than one thousand members.

During 1974, NAM was joined by a large contingent of former Communist Party, U.S.A. (CPUSA) members led by Dorothy Healey, expelled in 1973. In conjunction with Arthur Kinoy's National Interim Committee for a Mass Party of the People, the New American Movement has been holding theoretical discussions with the Congress of Afrikan Peoples (CAP), led by LeRoi Jones. Jones and his group has recently abandoned advocacy of "black nationalism" for Maoist communism. The joint discussions are in preparation to forming a new Maoist communist party in the U.S.

In the prospectus of its East Bay Socialist School in California in September, 1974, NAM stated its principles as including:

"That the disintegration and oppressiveness of American society are rooted in the capitalist system;

"That a socialist revolution will be necessary to solve the problems of the U.S.; and

"That such a revolution will require a mass socialist movement which includes people from all sections of the working class."

In an internal document, NAM has stated its goal as the development of a movement "sufficiently broad to include people who are not positive they would be willing to pick up the gun for a revolution."

In its position papers distributed at the Citizens Energy Conference in 1974, NAM stated its position there was "related to he organization of a mass movement for domestic socialism in the U.S." NAM's literature stated:

"* * * Our aim is to establish working class control over the enormous productive capacity of American industry, to create a society that will provide material comfort and security for all people and in which the full and free development of every individual will be the basic goal. Such a society will strive for the decentralization of decision making, an end to bureaucratic rule, and the participation of all people in shaping their lives and the direction of society."

More specifically directed to the Citizens Energy Conference, the New American Movement sought "mass transit, not highways;" protection of the environment; public auditing of energy companies; support for miners striking the Duke Power Company in North Carolina through its subsidiary, Brookside Mine; "no military intervention in the Middle-East;" and a reduction in military spending. NAM stated, "We must not let the energy crisis serve as an excuse to start another Vietnam war. The military budget should be cut to finance mass transit and energy research."

Additional NAM policy statements included:

"Public ownership and democratic control of the energy industry. It is clear that the irrational and inhumane system of production for profit at the expense of human need must end. The ultimate solution to the energy crisis requires public ownership of energy, and control of both oil companies and local utilities by democratically elected boards of workers and consumers. This is not to advocate bureaucratic state ownership, but to begin to create the basis for a socialist democracy."

THE OCTOBER LEAGUE, MARXIST-LENINIST

The October League, Marxist-Leninist (OL) was formed in Los Angeles in 1972 by former Students for a Democratic Society leader Mike Klonsky as a "democratic-centralist" organization following the Maoist form of communism.

The OL stated its name was selected "because October has two important anniversaries—the Russian revolution in October 1917 and the founding of the People's Republic of China in October 1949."

Active across the country, the October League merged with the Maoist communist Atlanta group known as the Georgia Communist League, formed by former activists with the Southern Student Organizing Committee and the RYM II faction of SDS.

Revolutionary by definition, the October League has attempted to involve itself in Atlanta area labor disputes and in anti-police agitation.

Several members of the October League, such as James Douglas Skillman, and the veteran communist Nanny Leah Washburn, have actively supported the Georgia Power Project. In addition, the GPP is a member of the Stop the Coal Coalition in which the October League plays a major role.

The Stop the Coal Coalition, the Atlanta Labor Action Alliance and the Atlanta Anti-Repression Coalition, all of which have October Leaguers among their most active members, share a common phone number [404/525-2922].

Among the other groups active in the Stop the Coal Coalition are the African Liberation Support Committee, a Negro Maoist organization; the Black Labor Action Committee; and the Southern Conference Educational Fund, until 1973 a Communist Party, U.S.A. operation, but now run by a Maoist dominated coalition. Among SCEF's board members is Mary Joyce Johnson, vice-president of the National Lawyers Guild.

On February 1–2, 1975, SCEF, OL, ALSC, the Black Workers Congress, the Revolutionary Union and other Maoist organizations held a Stop the Coal conference in Atlanta to show "the connection between the struggles of workers and oppressed peoples in the U.S. and Southern Africa," to develop "concrete support for the liberation struggles in Southern Africa" and to relate "the coal imports to the current crisis of imperialism." The groups object to the import of low-sulfur coal by the Georgia Power Company's parent corporation, the Southern Company.

BROWARD COUNTY, FLA., NEEDS A NATIONAL CEMETERY

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, Broward County, Fla., is the fastest growing county in the United States, and as the Representative from the 12th Congressional District which contains most of the county, I am aware that many of those moving to Broward are veterans who have retired.

The Veterans' Administration Study of the National Cemetery System issued on January 22, 1974, selected three basic alternatives for camparison. Alternative No. 1 is to continue the status quo by retaining the present system and number of cemeteries, and retaining the existing eligibility requirements for the burial allowance. Alternative No. 2 is cemetery expansion by providing one cemetery in each State, and retaining the existing eligibility requirements for the burial allowance. Alternative No. 3 is to set up regional cemeteries; contract burial for the needy, federally assisted State cemeteries; nonduplicative burial allowances; and columbaria construction. The Veterans' Administration is in favor of alterative No. 3. The region they are talking about is region IV which contains the States of North Carolina, South

Carolina, Kentucky, Tennessee, Mississippi, Alabama, Georgia, and Florida. Needless to say if the Veterans' Administration goes through with this plan there is little chance for another national cemetery in Florida, and an even slighter chance for one in Broward County.

Since March 1969 I have introduced legislation, and repeatedly urged that a national cemetery be located in Broward County. Florida is an attractive place for our citizens to retire. Many retired military, as well as veterans of either World War I or World War II have found their way to Florida to live out the remainder of their lives. The mild climate and the casual style of living eases the weight of time. For many veterans, the most important thing in their lives is their military service for our country. The memory of securing liberty and our democratic way of life for themselves and all other Americans is the most cherished memory of their lives.

Death is preeminently a family matter. Funeral and cemetery arrangements, and economic adjustments are a highly personal domain. Historically, Federal responsibility to veterans has been confined to those cases where the family could not cope with the costs of burial and the income loss of a breadwinner. As a nation we have shown our concern that some means be found to accord public honor and recognition to veteran dead—particularly to those who died in the military service of the country.

However, no one denies that our present national cemetery system is inadequate, but it is hard to persuade the Veterans' Administration to put cemeteries where veterans want them and not to pick out central locations and statistical sure things. The study of the national cemetery system showed that the most important factors in the use patterns of Federal cemeteries were: First, supply of graves; second, willingness to travel; and third, distance of cemeteries to residence. Of all the ground burials in the contiguous United States, 16 percent were in Federal cemeteries. Where residence at time of death was within 50 miles of a Federal cemetery, 28 percent were Federal burials. Where the residence was 50 to 100 miles from a Federal cemetery, 6 percent were buried in a Federal cemetery. And where residence was more than 100 miles from any Federal cemetery, 4 percent were Federal burials.

The only Federal cemetery in Florida is Barrancas National Cemetery in Warrington, Fla. This cemetery is approximately 650 miles northwest of Broward County. Most of Florida's population is in south Florida. Dade and Broward County are by far the most populous in the State, and as I stated previously, both are growing faster than most other counties in the Nation; Broward County is the fastest growing in our Nation. Many veterans who want to be buried in a national cemetery simply cannot do so because of the distance of the existing national cemetery from their homes.

I sincerely hope that the Veterans' Affairs Committee will look closely at the recommendations of the Veterans' Administration with regard to the location of new national cemeteries and consider the millions of veterans in south Florida who would benefit from a national cemetery in south Florida.

OUR ARMS TRADE INVOLVEMENT AND GROWING TIES WITH IRAN

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring the following topical articles to the attention of my colleagues.

Both columns were written by my constituent, Mr. Henry Huglin of Santa Barbara, Calif.

The articles follow:

OUR ARMS TRADE INVOLVEMENT

(By Henry Huglin)

Neo-isolationists and ivory-tower wishful thinkers are increasingly opposing our nation's trafficking in arms—except to the few regimes that pass their litmus test of approval.

In doing this, these people are ignoring the realities of the world—the greeds, enmities, and ego trips which motivate most of us humans and which, deplorably, are reflected in nations' armaments.

Critics claim that, by a cutoff of our "security assistance" arms deals, we could help avoid wars or threats of war. But this isn't necessarily so. The causes of tensions and wars are not armaments themselves but are nations' conflicting objectives.

Nations acquire arms for various reasons: for defense against perceived threats, as with both Israel and neighboring Arab countries; or for symbols of power and prestige, as with Iran currently and with many Latin American countries for decades; or for aggressive expansionism, as with Nazi Germany and North Vietnam.

In the Mideast, the newly-rich oil nations are on an arms buying spree. And we are supplying many of them—to achieve hoped-for stability in the area and enhanced influence for us, and to help balance our payments of their quadrupled oil prices.

And we have just lifted a ten-year moratorium on arms sales to Pakistan and India—when it became evident tha it was unfairly handicapping Pakistan and encouraging expanded links between Indian and Soviet Russia.

Also, old and new enmities, excessive nationalism, internal political instabilities, and leaders' egos all fuel the growing demand among many nations for new arms.

Politically, some of our arms trade results from our nation having to choose the least bad of the alternatives—when it is quite clear that many nations are going to acquire arms somewhere. If we don't supply them. we don't avoid their getting arms; they just turn to Soviet Russia, China, France, or Britain. And, in that process, we lose the opportunity to moderate their greed for arms, as well as their ambitions and actions—and, sometimes, to secure important base rights for us.

With arms go training missions, advisory groups, and a logistics pipeline which can be shut off. From such interdependent webs diplomatic influence derives. And it is through such influence that our country has exerted effective moderating pressure, dampened down enmities, and prevented wars or snuffed them out when they started—and, sometimes, thereby helped avoid a crisis confrontation with Soviet Russia.

Further, for us as a superpower, the arms trade is an unavoidable part of the grim game of power politics which we simply have to play and play well.

Even so, involvement through arms trafficking—though giving us important leverage—can complicate the deep dilemmas we sometimes face, as with the Greeks and Turks over Cyprus last year and now with the Ethiopians over Eritrea.

But it is simply an ostrich-like "cop-out" to believe that, by shunning such involvement, we will thereby escape the problems of the world. More likely, we would just be faced with the problems at a later, more critical stage, when we would then have less means of coping effectively with them without a grave crisis or war.

Of course, we don't want to be a party to the suppression by an authoritarian regime of true patriots struggling for liberty. But let us not transpose the image of our forefathers at Bunker Hill and Valley Forge onto the so-called "freedom fighters" many places in the world. Most of them are no liberty seekers. And their seizure of power, with arms generously supplied by the Soviets or Chinese, can lead to repression of the "liberated" people worse than that of the regime they want to overthrow—and to another nation opposed to our and our allies' interests.

A key to our playing our unavoidable arms trade role prudently and responsibly is for the President, after consultation with Congress, to decide each case on its merits—in terms of how best to advance our interests through promoting peaceful progress and political stability without repression, and avoiding arms races in any area. Also we need to seek agreements with the Soviets on mutual restraints on regional arms deals.

Further, our country has not been, and must not be, engaged in indiscriminate huckstering of arms simpy for profit. In the judgments to be made, vital geopolitical purposes and potential consequences have to be the determining factors.

So, we ought to disregard the demands—which are based on idealistic, impractical, or isolationist dreaming—of our getting out of the arms trade. To do so would not help solve mankind's problems, nor encourage the Soviets' restaint, nor avoid our eventual involvement. It would only increase the chances of situations worsening in the long run.

There is just no way out of arms trafficking for us for the foreseeable future. Copyright 1975 by Henry Huglin.

GROWING TIES WITH IRAN

(By Henry Huglin)

Early in March our government signed a five-year, $15 billion trade agreement with Iran. It was the largest such agreement ever signed between two countries.

This agreement reflected, according to Secretary of State Kissinger, the growing "interdependence" between our country and Iran.

Then, what is the significance of this growing interdependence with now another nation—and one about which most Americans know little and may care less?

Well, this development can be quite significant; it is based on vitally important factors of oil, money, and geopolitics.

Certainly, this growing relationship involves us more deeply in the Mideast and in its changes and challenges. Hence, isolationists will worry about such a further entanglement, and idealists about our dealing with another undemocratic regime.

But, the course we are embarked on with Iran is prudent, even though it has potential risks—as do many of the courses which our country, as a superpower, of necessity, must choose from among the feasible alternatives available to us.

Iran—which was long called Persia—is strategically located in the heart of the Mid-

east. She shares borders with Russia, Afganistan, Pakistan, Iraq, and Turkey. Her area is four times as large as California. Her 33 million people, though Moslem, are Aryan and not Arab; only one third of them can read and write.

Iran is rich in oil, having reserves exceeded only by Saudi Arabia, Kuwait, and Russia. She has the second largest annual income of the oil-exporting nations, $18 billion annually. And this year she is expected to have a $10 billion trade surplus.

Only 13 years ago, Iran was on the verge of bankruptcy. Now she is rolling in money from oil. And she was the leader in the quadrupling of the price of crude oil.

Iran is run by 55-year-old Shah Mohammad Reza Pahlavi. He is a constitutional ruler; but, in effect, he is an autocrat, although a relatively enlightened one.

To modernize the country, the Shah has instituted widespread political, economic, and social reform—a so-called "White Revolution." It is a combination of socialism and capitalism in which natural resources, such as oil, are nationalized, but industries are largely run by private enterprise.

This peaceful revolution is to include a massive development program for which, in just the next five years, $68 billion are to be invested—for industries, highways and port facilities, and health and education systems.

The Shah also seeks prestige for Iran comparable to that of the ancient Persian Empire. As a major step to that end, he is embarked on making Iran the most powerful country militarily in the Mideast.

Iran has spent about $6 billion on American-made armaments during the past two years. And one third, or $5 billion, of this new trade agreement is for arms.

Iran's rapidly growing military strength and ambitions are of major importance to our country, as a superpower; they are also of particular importance to the oil-importing nations. This is because from Iran's coast can be controlled the world's most important sea artery—the strategic passage of the Persian Gulf, Strait of Hormuz, and Gulf of Oman—through which daily move tankers carrying from Saudi Arabia, Kuwait, and Iran 20 million barrels of oil, or nearly half of the non-Communist world's consumption. How critically important it is that these waters not be controlled by any power unfriendly to our country, Western Europe, and Japan, which are so dependent on this flow of crude oil!

Already Iran is starting to play an active power politics role in her area. For example, she is helping Oman—whose coast is the other side of the Strait of Hormuz and the Gulf of Oman—combat the Marxist rebels trying to seize power.

So, a major purpose of our growing interdependence with Iran is to be able to influence her always to use her military strength to promote geopolitical stability—with peaceful progress—in the Mideast and southwest Asia, and to use her wealth in oil and capital to help promote sound trade and cope with the world's monetary problems.

Hence, it is important that our country pursue the growing ties and Iran's excellent friendly feelings toward us, which were expressed recently by the Shah: "You stood by us and helped us when we badly needed it. So, the only thing we can remember about the U.S. is friendship. And I think that not only we, but most of the Free World, could not get along without the U.S."

The great Persian philosopher-poet, Omar Khayyam, wrote 200 years ago: "The worldly hope men set their hearts upon turns ashes—or it prospers; and anon, like snow upon the desert's face, lighting a little hour or two—is gone." As a superpower, in a complex troubled world, we can but do our best to play our evolving leadership role as wisely and well as possible, lighting our hour or two. May the world hope we have set with Iran prosper and not turn to ashes or soon melt like desert snow!

DRINAN SUCCESSFUL IN FIGHT FOR MEDICAL FUNDS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. HARRINGTON. Mr. Speaker, criticism is often aimed at certain Members of Congress, some from New England, for failure to pay adequate attention to issues of local concern, particularly those of an economic nature. An article, "Health Research in Boston to Get Boost From U.S. Funds," by David Nyhan appeared in the March 17 issue of the Boston Globe. The article explained that thanks to the efforts of Congressman DRINAN, an order will shortly be forthcoming from the Department of Health, Education, and Welfare to start spending $351 million in health research funds that the administration had not intended to spend.

These funds are critically important at this time, not only because they will help save lives in the long run, but because of the economic decline now experienced in Massachusetts, and the jobs these funds represent, especially at Harvard, Tufts, Boston University, and other major medical facilities in Massachusetts. As explained in the article, Congressman DRINAN was largely responsible for leading the fight to see that these funds are expended, and deserves the appreciation not only of his colleagues in Congress but of people in Massachusetts.

Because of the importance of this development, I would like to insert a copy of the article in the RECORD as this time, and express my appreciation for the recent action of the House.

The text follows:

HEALTH RESEARCH IN BOSTON TO GET BOOST FROM U.S. FUNDS

(By David Nyhan)

WASHINGTON.—Sometime today a message will be sent across town from Federal money managers to the Department of Health, Education and Welfare.

Stripped of bureaucratic jargon, the message will be an order to start spending $351 million in health research money that President Ford tried not to spend.

The green light, flashed most reluctantly by the White House's budget-controlling Office of Management and Budget (OMB), represents another of the nearly unbroken string of victories in the congressional battle to win back control of the Federal purse-strings from the White House.

For the most part, these are dull, backstage struggles, that cause commentators to yawn and leave constituents with the vague feeling that it's merely some kind of semantic battle between accountants.

But for hundreds of medical researchers and technicians in and around Boston, today's message is a meal ticket. They will not be laid off. For the patients who may ultimately benefit from the research pushed forward, the message will mean much more in the future. Dollars save lives. More to the point, millions of dollars in health research saves thousands upon thousands of lives.

Act I of the great impoundment battle between Congress and the presidency began when Richard Nixon decided he didn't want to spend all the money the Democratic-controlled Congress authorized. He acted in the name of economy.

Act II ended last year, when Congress passed the Impoundment Control Act. It set up legislative machinery whereby Congress could overrule a President, and in effect force him to spend money Congress wanted spent.

Act III is still under way. It involves a series of skirmishes between OMB and Congress, specifically U.S. Rep. Robert F. Drinan (D-Mass.).

Drinan began receiving complaints from Bay State medical researchers in January. He discovered that the National Institutes of Health, the major government source of medical research grants, was withholding money from the grant pipeline, which reaches into medical schools, hospitals and research laboratories all over the country.

The problem was particularly acute around Boston, which has three medical schools (Harvard, Tufts, Boston University) and major medical research outfits.

Today is an important day, because it represents the expiration of the 45-day deadline during which Congress had to decide whether to approve President Ford's rescission (deletion) of more than $1.2 billion in assorted cuts. Mr. Ford has argued that while health research programs are valuable, the strained Federal budget cannot support all of the research Congress wants.

Last Monday, the House voted 371–17 against the Administration's contention. But along the way, Drinan had discovered that the White House was playing outside the rules laid down last year. OMB, deciding to take advantage of what its lawyers felt was a loophole in the Impoundment Control Act, ordered the National Institute of Health not to spend any of the $351 million Mr. Ford was recommending for rescission. Drinan began complaining on the House floor.

OMB's acting chief legal counsel, William M. Nichols, spent 90 minutes in Drinan's office, thrashing out legalisms with the former Boston College law school dean.

The upshot was that Nichols wrote him later, admitting that OMB had erred. While Nichols held that it was still a difference of legal interpretation of the law that allowed OMB to withhold grants while Congress was debating impoundment of specific cuts, he acknowledged that OMB missed its legal deadline of Jan. 6 for apportioning the money.

"An unavoidable administrative overload which plagued the Executive branch in December and January," is the way he put it, saying the OMB experts were trying to crank out the President's budget during that period, and thus missed the deadline.

Drinan had charged on the House floor that Mr. Ford had come up with "a new version of how to play the game of impoundment." Nichols disputed this. But Drinan charged that the delays in spending the money, which Congress would force the White House to spend anyway, was snuffing out medical research teams all over the country.

He displayed letters from researchers around Boston; they complained that vital projects were floundering for lack of grant money, that medical teams assembled with great care over the years were being forced to disband as sponsors ran out of money for salaries.

"Loss of these funds at this facility," wrote one Boston researcher, "will mean the firing of several individuals and this outcome will be (the same) at most institutions. It makes no sense to appropriate billions to create makeshift jobs on one hand while driving others out of useful health-related research . . . on the other.

A blood coagulation expert from Massachusetts wrote that his work on hemophelia

was threatened. Another Boston researcher asked, "Should the President put these trained technicians doing valuable biomedical work for the nation out of jobs, and then rehire them on some contrived welfare project?"

Still another asserted that "biomedical research in this country is in a state of limbo," and worried that "It will become increasingly difficult for the younger, developing scientist to survive and produce significant research."

These complaints, and similar ones reaching other Democratic congressmen, fueled the massive vote repudiating Mr. Ford's economy cutbacks.

But Drinan, who has made the complex impoundment field his biggest project since last year's impeachment struggle, realized that the wording in last year's Impoundment Control Act needed to be strengthened, to close the loophole that lawyer Nichols of OMB claimed was "ambiguous."

So Drinan filed legislation designed to close that loophole. His bill would require that spending on all impounded programs must continue at the appropriated (congressionally-approved) level until Congress has in fact approved a recission of funds requested by the President.

This would strip Mr. Ford of the 45-day delaying period exercised over the health money.

Drinan won powerful allies on the House floor during debate last week, Majority Leader Thomas P. O'Neill Jr. (D-Mass.) rose to co-sponsor the measure, saying: "These teams of scientists, these teams of research experts have been working together, and are waiting for funds. Holding them up for 45 days will result in the teams falling apart and then we will have difficulty getting them back."

In effect, O'Neill contended that disbanding the research teams by delaying funds would be like disbanding the Boston Celtics for six weeks during the middle of the season, then trying to reassemble the team in time win the pro basketball playoffs.

Another leadership spokesman, Whip John McFall (D-Calif.), and the new chairman of the Banking and Currency Committee, Henry Reuss (D-Wis.), became co-sponsors, materially enhancing chances for passage of the measure.

COMMEMORATIVE LEGISLATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SCHROEDER. Mr. Speaker, as chairman of the House Census Subcommittee which has jurisdiction over commemorative legislation, I am today introducing a bill which would, in effect, take Congress out of the business of designating special days, weeks, or months for national observances.

The main reason for seeking the elimination of part of my subcommittee's jurisdiction is because of my recently acquired awareness of just how much time is wasted—both by Members of Congress and their staff—on this type of legislation. Almost 500 commemorative bills were introduced in the 92d Congress; almost 600 in the 93d Congress, and, now, in the first 2 months of the 94th Congress well over 100 bills have already been introduced.

The paperwork produced by this output is enormous—over $100,000 was spent just to print up these bills during the 92d and 93d Congress. But it is more than just paper, and computer printouts, and bill status reports, and committee calendars, and legislative digests, and space in the CONGRESSIONAL RECORD, and tens of thousands of letters, and thousands of phone calls that are devoted to these bills—there is also the diversion of a considerable amount of staff time, as well as the personal attention of Members of Congress used up on these bills.

In a word it is "mind-boggling" that with the problems facing the people of the United States, we find the time to introduce, let alone consider and push for most of these bills. Do such bills as "July Belongs to Blueberries Month" or "Fiddle Week," or "Clown Week" or "D for Decency Week," really deserve serious congressional consideration?

And, in the meanwhile, for those few commemorative bills which do deserve consideration, it has now become almost impossible to process more than three or four of these during any Congress due to objection to the use of the Consent Calendar. Therefore, for all concerned, it is certainly time that we simply deal ourselves out of this game. Even if the legislation being introduced deserves congressional recognition, the fact is that the legislation cannot be processed.

The legislation which I am introducing today is designed to break this legislative logjam by giving the Office of Management and Budget the authority to make recommendations to the President based upon proposals which meet the following criteria:

First, only proposals concerning individuals, groups, and events of national appeal and significance shall be considered.

Second, the following types of proposals shall not be considered: any proposal concerning a commercial enterprise, specific product, or fraternal, political or sectarian organization; a particular city, town, county, school, or institution of higher learning; a living person.

Mr. Speaker, the full text of the legislation follows:

H.R. 5125

A bill to require the Director of the Office of Management and Budget to make recommendations to the President with respect to national observances, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) any person may submit a proposal to the Director of the Office of Management and Budget requesting that a particular period be established as a national observance.

(b) The Director of the Office of Management and Budget shall—

(1) review each proposal submitted pursuant to subsection (a) to determine, based on the criteria established by or under section 3, whether such proposal merits recommendation to the President as a national observance;

(2) from time to time, submit a listing of recommended proposals to the President and request that the President issue an appropriate proclamation designating the period requested in each such proposal as a national observance; and

(3) inform each person who submits a proposal pursuant to subsection (a) of the final disposition of such proposal.

SEC. 2. The Director of the Office of Management and Budget shall review all existing national observances which have been designated by the Congress or proclaimed by the President and submit a listing to both Houses of the Congress of the national observances which fail to meet criteria established by or under section 3, together with such recommendations for legislative or other action as the Director may consider appropriate.

SEC. 3. (a) In determining which of the proposals submitted pursuant to paragraph (1) of the first section of this Act shall be recommended to the President, the following criteria shall be used by the Director of the Office of Management and Budget as the basic standard of eligibility:

(1) Only proposals concerning individuals, groups, and events of national appeal and significance shall be considered.

(2) The following types of proposals shall not be considered:

(A) any proposal concerning a commercial enterprise, specific product, or fraternal, political, or sectarian organization;

(B) any proposal concerning a particular city, town, county, school, or institution of higher learning; and

(C) any proposal concerning a living person.

(b) The Director of the Office of Management and Budget may prescribe by regulation such additional criteria as are considered necessary to carry out the purposes of this Act.

SEC. 4. A listing of the recommended proposals submitted to the President under paragraph (2) of the first section of this Act shall be printed in the Congressional Record and in the Federal Register.

SEC. 5. The Director of the Office of Management and Budget may make such regulations as are considered necessary to carry out the purposes of this Act.

UNEMPLOYMENT HIGH AMONG BLACK YOUTH

HON. PAUL E. TSONGAS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. TSONGAS. Mr. Speaker, the Nation's economic plight is a concern to us all. While our sagging economy hurts all income groups, the hardest hit remain the Nation's poor. The following article by James Reston of the New York Times contains some valuable insights into one of the most serious aspects of our employment crisis:

[From the New York Times, Feb. 25, 1975]

FORTY-ONE PERCENT OF YOUNG BLACKS JOBLESS—TROUBLE AHEAD

(By James Reston)

CHAPEL HILL, N.C.—In the capital of the United States the economic slump is statistics and politics, but out here in the country, it's people: anxiety over jobs, lay-offs, deficits, bankruptcies, drop-outs and crime.

The federal government, which is seldom excessively pessimistic, tells us that we can expect abnormally high unemployment for at least three years, and to take just one of its startling figures, that 41.1 per cent of all black teenagers in the country—repeat 41.1 per cent—are now out of work.

Already, some of the labor union leaders, meeting in Miami Beach, are talking about

bringing the unemployed workers "into the streets," which sounds like a formula for making things even worse than they are, but the social and political consequences, of a prolonged period of excessive unemployment in the black ghettos could be much more serious than the Ford administration has ever considered.

Total unemployment country-wide was 8.2 per cent in mid-January, but it is higher now, worse than the national average in industrial New England and in the south, much worse among the young in general and the black young in particular.

If anybody thinks this country can have over 40 per cent of its black teen-agers out of work for three years without serious trouble in the streets, I haven't met him. But while the Ford administration has published the figures, and talked about public service jobs, it has merely trifled with the problem.

The national statistics are deceptive. They give us general averages for the continent, but the unemployment is uneven, and social turmoil often comes out of concentrated urban pockets of despair.

Wherever you go in this country, you see wild disparities between rich and poor communities in every state, and often within a single town or city. There is a lot of money around in the big cities—fantastic prices being paid at the top of the economic scale—but serious problems among the average folk at the beginning and at the end of married life.

The situation here in North Carolina illustrates the crankiness of things, the element of accident, as Jack Kennedy once said, the "unfairness of life." This state is following accurately enough the national economic pattern: over 8 per cent unemployed but spotty.

In government towns, like Raleigh, and university towns like Durham and Chapel Hill, it is below the national unemployment average, but in the mill towns and furniture towns, it is, as they say here, "hurting bad."

The university in Chapel Hill reports few drop-outs so far, white or black, but the pre-registration for the spring semester, particularly from the poorer parts of the state and in the Appalachian branch units, is down, and the pressure from the state legislature to cut the university system budget is severe.

The southeast of the country in general, which was booming before the slump, is now falling below the national average in construction, and all the industries that go with it: textiles, furniture, etc. And this is particularly hard on the one-industry towns in the Carolina piedmont.

All this makes the problem of policy for the President and the Congress extremely difficult. For an energy problem that fits one area of the country doesn't fit the problems of totally different areas, and a policy that deals with 8 per cent or even 10 per cent unemployment in general, does not deal with 41 per cent black teen-age unemployment, mainly in the guts of the big cities.

President Ford has paid his respects to all these problems. He has suggested public service jobs, in a limited way, and tax rebates, and other aids to the poor, but he has not really dealt with his own most disturbing statistic, that 41 and soon 50 per cent of the young blacks will be out of work, and that their hope of getting jobs for three years is pretty dim.

Somehow, in the planning of the next year and the authorization and appropriation of money, this problem of young black urban unemployment is going to have to get a higher priority than it now has.

The President has all kinds of models before him: the Civilian Conservation Corps of the old New Deal days, the Comprehensive Employment and Training Act of 1973, and dozens of other experimental programs, old and new, good and bad. But at some point he has to put his money behind a program that will deal with a roving unemployed black teen-age population—almost half the young blacks in the nation.

The President has recognized it, and fiddled with it, but he has not really grappled with it or funded it. And if his figures are right—and over 40 per cent of the young blacks are going to be out of work for the next three years—this could be more of a violent energy problem than he now has in the Middle East.

THE 10TH ANNIVERSARY OF COMMUNITY COLLEGE OF PHILADELPHIA

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. EILBERG. Mr. Speaker, on April 1, the Community College of Philadelphia will mark its 10th year of operation. This institution has become one of the finest community colleges in the Nation and it has served the needs of the people of Philadelphia exceedingly well.

At this time I enter into the RECORD a letter sent to me by the president of the college, Allen T. Bonnell, which notes the schools accomplishments:

COMMUNITY COLLEGE OF PHILADELPHIA,
Philadelphia, Pa., March 14, 1975.

Hon. JOSHUA EILBERG,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE EILBERG: On April 1, 1975, Community College of Philadelphia will begin a ten-day observance of the tenth anniversary of its official opening. On April 1, 1965 the College consisted of a Board of Trustees, a newly appointed President, and open floor space in the vacant Snellenberg Department Store. Five months later, the store had been renovated for educational purposes and the College was fully operational with an enrollment of 1,200 full-time and part-time students.

Today, the College serves over 10,000 students in facilities in the former department store, in the old U.S. Mint Building, and in several adjunct sites in the City. The first permanent campus is taking shape at and adjacent to the Old Mint Building at 16th and Spring Garden Streets. More than 40,000 Philadelphians have completed one or more courses at the College and its graduates each year number nearly 1,000. It is fifth in size among the institutions of higher education serving Greater Philadelphia.

From the outset, the mission of the College has been to help people to become all they are capable of being. Its doors have been open to Philadelphians of all creeds, colors, ages, and backgrounds. It has encouraged the needy and reinforced the poorly prepared. It has reached out into the community to identify local needs and to serve them. It is in and of the community, a true Community College.

Preparing its graduates for employment in the businesses, industries, and professions of its own area as well as for transfer to other educational institutions throughout the country, the College has, in its short history, established its place as a unique educational force in Philadelphia.

With kindest regards.

Cordially,

ALLEN T. BONNELL, *President.*

THE QUEST FOR CORPORATE SOCIAL RESPONSIBILITY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. RANGEL. Mr. Speaker, the question of corporate social responsibility is exceptionally relevant during this time of economic recession. As American corporations have grown to multinational giants, the American public has demanded that they play an increasing role in solving our social problems.

In his article "The Quest for Corporate Responsibility: Altruism, Necessity or Opportunity?", Harold Sims, director of corporate affairs for Johnson & Johnson, explores many of the problems and implications that this question involves.

I would like to share with my colleagues this thought provoking piece which I feel will greatly add to our knowledge of this very important topic:

THE QUEST FOR CORPORATE SOCIAL RESPONSIBILITY: ALTRUISM, NECESSITY OR OPPORTUNITY?

(By Harold R. Sims, director, corporate affairs, Johnson & Johnson)

"Profit takes on a new meaning for enlightened businessmen who know that unless today's profits are in part used for important social ends, there may be no profits tomorrow." Whitney M. Young, Jr., from Beyond Racism, 1969.

Nowadays, it seems that everyone is talking about corporate social responsibility. From every spectrum of the American ideological span, from Milton Friedman to Michael Harrington, debates and discussions ensue about the proper or improper role business must increasingly play or not play in using its resources to become more directly involved in the nations' new campaign to improve the quality of life.

In many ways, this is a curious and unbalanced debate. On the more visible side, the American corporation is often portrayed as a greedy, insensitive power broker which only reacts to short-term profits, government decree or consumer threat. Yet, on the less visible side, many of the principal architects of these negative or cynical portrayals have been empowered to effectively challenge the corporations from the very resources and technology which the corporations generate.

This latter point—the funding or enabling by American business of the institutions which have been among its most effective critics—may be among its greatest contributions to the free enterprise system to date.

In some ways, this unbalanced debate is part of the overall disenchantment with established institutions of any kind within the public cynicism and distrust of our times.

In other ways, these portrayals may also suggest that in view of the failure of other major, non-profit and tax-supported American institutions to stabilize or reverse our national drift towards social mismanagement and human resource abuse, the American public has turned to the business corporation to demand that it play an increased role in solving the human and social problems that are currently undermining America's present and future and the very survival of its marketplace. This conclusion was best articulated by the eminent humanist and social thinker, Dr. Kenneth Clark, when he concluded that: "Business and industry are our last hope. They are the most realistic elements in our society."

Whatever the rationale, there is widespread recognition today that business cor-

porations must take a more active role and an increased involvement in more directly pursuing and meeting the social, consumer and citizenship challenges of these times.

To aid in this contemporary quest for the "why to" and the "how to" of greater corporate social response, this article will examine this emerging challenge from these overlooked or new prespectives: (1) The historical role of business corporations as fundamental social institutions; and (2) the unique role of the Black American experience as a key barometer to social change and opportunity.

HISTORIC ROOTS AND SOCIAL FRUITS

"Commerce is generally understood to be the basis on which the power of this country hath been raised, and on which it must ever stand"—Benjamin Franklin.

In the quest for corporate social responsibility, one of the greatest barriers is a limited understanding of the primary and historic roles the business corporation has played in the evolution of Western society and the non-Western world. This limited understanding has led to a great deal of ethnic and human amnesia, propaganda and guilt about how the United States was made and the role economics played in it.

Without clarifying that evolutionary framework, it will be almost impossible for corporations to move beyond reaction to affirmatively and aggressively learn how to better relate social responsibility to its bottom line.

Carefully and creatively reexamined then, this excluded history reminds us that:

America is fundamentally an economic system.

It was an economic system long before it was a political or a democratic system.

In the 470 odd years since that system was planted in North America, economic considerations have tended to dominate all or most other concerns, whether spiritual, political or ideological.

The earliest and most enduring instrument of this European-launched economic system was the foreign-owned, European-based trading company—the forerunner to today's multinational, multi-geographic corporation.

This trading company or foreign-controlled, state-owned corporation, born in the post-Marco Polo age, became the greatest and most effective weapon of conquest (called colonialism), as well as economic development, in the history of humankind. By dividing and pacifying people on the basis of relative need, supply, demand and exchange, it separated relative from relative, nation from nation, tribe from tribe—rearranging civilizations on the basis of markets and resources rather than custom and tradition.

Slavery then existed in America for economic necessity or cause, not for racial or moral reasons, and when it became uneconomical it died—notwithstanding the instrument of war.

Segregation existed in America for economic not political reasons, and when it became uneconomical it died—notwithstanding the instruments of organization, philanthropy, protest and Black Messiahs.

Today, those same economic forces which permitted and encouraged a nation founded on principles to undermine its very inception with evil and misdeeds now demands that, to survive, it must *include all* Americans, as ruthlessly as it *excluded some* Americans. It must *pursue humanity* for all, as relentlessly as it *tolerated inhumanity* to many.

Commerce or business is the very heart of the American system. Not only was it a principal cause of the nation's revolution and the foundation of the Republic, but the individuals who wrote and shaped its Constitution and institutions were all essentially businessmen.

The real enduring strength in America's private enterprise system lies not in its mythological exhortations about so-called self-made men but in what Paul N. Ylvisaker calls "creative aristocracy." That is, business' ability to accommodate, include and utilize enormous diversity based on talent and performance rather than heredity, race, sex and class, at the right places, at the right time.

For example, throughout its early history American business was an exclusive club, run by owner/managers and frequently dominated by men from Great Britain and other points in Western and Central Europe. The alienated and restless minorities which violently and noisily confronted that system in the "isms" and "movements" of the time were basically the late arrivals with the funny names and wrong religions from the wrong parts of Europe—East and South.

Ever since 20th century American business "cut in" these excluded Europeans to avoid being "cut out," it has become richer, more powerful and more influential than ever envisioned. But significantly and tragically. American business erected these new manager/professionals as barriers between the long-time excluded Americans (primarily women and non-Whites) and the heirs of these original owner/managers—thereby allowing their heirs to move in a single generation from liberal advocates to conservative resisters.

Despite the amnesia being practiced against the female and non-White consumer citizen by the "new immigrant"—himself just one generation removed from the urban ghetto, one step from the boat dock, and one home mortgage from poverty—inclusiveness has still proven to be the one unchanging and effective fact in the continuing evolution of America's stability, wealth and growth. In fact, there has never been a single instance when expanding or "cutting" people into a critical U.S. system has not made the system richer, wiser and more productive for all included in it.

We must conclude, therefore, that the most historically sound, socially significant thing that corporations must and can do now is to include all of its currently excluded consumer citizens (especially women and those of African, Asian, Native American and Latin descent) into the total reward and responsibility system of the business corporations which their dollars and needs support—and to do so without delay.

BLACK BAROMETER—SOCIAL CHANGE

"If American history means anything, it proves that great ability may appear among the sons and daughters of unsuccessful or very ordinary parents. Any system that promises well for our future must guarantee these young people the opportunity they deserve"—Robert Wood Johnson, 1947.

The key catalyst in triggering this current movement by business toward economic inclusiveness today is Black America. As a direct result of the urban-racial disturbances of the 1960s, most American corporations entered the quest for social responsibility late and, even then, through reaction rather than desire. Responding to the findings of the Kerner Commission Report, the password was "jobs"—jobs for the Black unemployed, under-employed and outraged.

In this climate, social responsibility came to mean in the minds of many such things as "exceptions for Blacks," "riot prevention," "ghetto handouts," "women's lib," etc., rather than an increased willingness on the part of business to confront and participate in the solution of certain cost-related social problems. No pragmatic attempts were made to seriously seek the relationship of this new movement to the changing consumer market climate, taxes, capital investment, talent shortages and other known business opportunities and threats.

Business managers were asked to hire Black workers for racial reasons rather than for business reasons. The Federal government reinforced this request with threats of economic sanctions and court cases. Alien communications techniques and internal structures were created within large corporations to effect social responsibility efforts on the periphery rather than in the mainstream of corporate power. These forces led many businesses to regard social responsibility as pie-in-the-sky altruism and forced government intervention. This led to defensiveness and resistance by some businesses, which generated increased public pressure and new government regulations.

Black America, too, saw the corporate social responsibility movement through limited and reactionary eyes. Yielding to the pain and glory of the 1960s, they began to view it as tokenism, deception and other insincere efforts, won by fear rather than commitment to the liberation of human talent. Civil rights were glorified and economic rights were underplayed. Black achievers in politics were publicized and highlighted out of proportion to their actual accomplishments; while Black achievers in business were largely ignored or viewed as powerless, selfish compromisers out of proportion to their real value, emerging role and critical necessity. The inseparable relationship between the survival of Black political power and the acquiring of Black economic power was largely ignored or unattended.

Despite these conditions, Black America's efforts and sensitivities once again predicted the course of action and goals for all other excluded minorities and women in the 1970s. As it was during the Civil War and its Reconstruction, the peculiar and complete interweaving and interaction of the Black American within the total institutional framework of the American society still makes them the most accurate and sure predictor of the nation's social future.

For example, the origins of the American labor union, the Susan B. Anthony movement, the "New Deal" programs, the full employment struggle, the Equal Opportunity movement, the War on Poverty, the humanization of the Army, etc., were all conceptualized, demanded and often initiated in the Black community, long before political parties or majority representatives even conceived of or supported the idea or the deed. Even the artistic fashion and social lifestyle of America is often seen and lived in Harlem before it ever reaches Broadway. Gunnar Myrdal made this point in *An American Dilemma*, when he argued that Black America's impact on White America is as great as White America's control of Black America.

To paraphrase Mayor Kenneth Gibson, "Wherever America is going, Black America will get there first."

Viewed in these terms, it is critical for business to understand that you cannot uplift Black America without uplifting all America. Particularly vital here is the role of the Black woman as the link between the struggles for racial equity and sex equality. *Strategies which propose to neglect Blacks for other minorities or women beg for delayed disaster rather than shared progress.*

Black America, on the other hand, must come to grips with the importance, resources and vulnerability of the American business community to the changing economic climate at home and around the world. Continued rhetoric or strategies which treat corporations and minorities in it as persons to be used rather than co-equally supported may lead once again to the loss of hard-fought rights, due to the failure to seize and retain the power to influence those free enterprise, life-supporting systems which fundamentally shape America.

Both Black Americans and corporations must understand that their collective unity ensures the advancement of all excluded classes and the maximization of talent util-

ization and market expansion. Economics, like the world, is round.

VISION TO TRANSFORM THE MARKET PLACE

America then is fundamentally a business or economic society, whose economic institutions lay the foundation for freedom as we perceive it; whose roots are in its very constitutional framework of existence.

Economic development, as a vision, means that the world expects now and will demand tomorrow that business also do its work for the good of the society or the marketplace which sustains it, while continuing to make a competitive profit. Economic nationalism has moved multinationally and transnationally in pursuit of an economic result, which improves the quality of life and the percentages for survival.

The expressions and expectations of this new vision have transformed the marketplace.

In such a climate, reducing the uncontrollable circumstances or the environmental risks of doing business becomes as important to marketing as increasing sales. For example, profit yields to market uncertainty which sets lower limits on investment return. In fact, marketing pioneer Naylor Fitzhugh of Pepsi Cola argues that the formula for profit today and tomorrow must subtract risk cost after all other cost has been made to realistically determine real earnings or real profits and actual value.

One can easily speculate, for example, on how favorable the American marketplace could be in terms of tax-load, environmental health, consumer purchasing power, balance of payments, productivity, skill availability, safety, security and general peace of mind, if we in business had viewed Whitney Young's call for a domestic Marshall Plan as our first order of business in the 1960s and in our vested and urgent interest.

We can therefore summarize our examination of the quest for corporate social responsibility with these conclusions:

Corporations and business are historically the foundation of our economic system and, fundamentally, social institutions with tremendous impact upon the fabric and lifestyle of modern society. As such, they incur major responsibilities which in turn present major opportunities for market growth and survival through innovative social investment.

Corporations must understand that black Americans are the key barometers to social change and economic progress in America as well as in developing countries abroad. They are the way to reducing the risk climate and improving the environment for better and more secure business performance.

Black Americans must learn to *independently* assess and better appreciate the business corporation so that the creative resources of business, minority and female America can move from confrontation to conciliation to mutual rewards through cooperation. The struggle for social justice and respect in America has shifted to the corporate inside. Whitney Young has been multiplied manyfold.

Black women have a critical role in this emerging coalition for change. They must negotiate the dangerous barriers between racial aspiration and female self-assertion.

Corporate social responsibility then is an idea whose time has come. It affirms that business must learn to manage change or it will be controlled by change. It recognizes that in today's marketplace, social responsibility has joined the marketing team in its quest to help business survive and prosper.

However, to survive and profit from these new challenges to the American economic system in a free world marketplace, both business and its society—especially its Third World, female and youth components—must demonstrate, through a new code of action-oriented results, that:

The price of peaceful progress is to make progress in peaceful times.

The price of profit today is reinvestment in tomorrow.

The price of keeping power is sharing power.

The price of independence is interdependence.

RIGHT TO OWN FIREARMS FACES SERIOUS CHALLENGE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ASHBROOK. Mr. Speaker, a story in the Christian Science Monitor has posed the question: "Is 1975 to be the year of decisive gun control in the U.S.?" There is strong justification for asking this question. Every indication is that 1975 will be a critical year for those who support the right to own and use firearms.

Gun control lobbies are springing up across the Nation. At least eight statehouses already have such lobbies. This is twice as many as in 1973. In addition, two national lobbies are operating in Washington, D.C., one promoting strict gun registration and the other a complete handgun ban. Another group is recruiting church, civic, educational and other organizations into a type of "gun control Common Cause."

Gun control advocates have strong support in the Democrat-dominated Congress. Registration of firearms is expected to be given high priority by the Judiciary Committee on which I serve. The Judiciary Subcommittee on Crime, chaired by gun control enthusiast John Conyers of Michigan, already has begun hearings on firearms legislation.

I think my position on gun control legislation is well known. I am absolutely opposed to the confiscation or registration of firearms. There are legitimate uses and legitimate users of firearms. I will continue to resist any effort to unduly hinder these legitimate uses in attempting to get at the abuses.

The misuse of firearms certainly is a proper object of legislation. Such legislation, however, should be aimed at the criminal—not the gun. Congress should focus its attention on the lawbreaker rather than the law-abiding citizen.

In the past, I have introduced legislation directed at the criminal use of firearms. These bills provided mandatory sentences without probation or suspension for criminal convictions where the accused was armed with a firearm. Increasing the penalties for misuse of guns is the type of legislation that is needed, not registration or confiscation.

Those who advocate gun control, however, would treat the hunter and the sportsman as potential felons. I cannot understand this reasoning. Responsible citizens certainly have the right to own and use firearms for purposes of defense, marksmanship, training and sport. The second amendment of our Constitution clearly guarantees Americans the right to bear arms. We must never sacrific this basic right.

It is naive to think that legislation to register or otherwise make it difficult to acquire firearms for legitimate purposes would in any way impede the unlawful conduct of the criminal or prevent him from securing a gun. This position has been backed by the California Peace Officers Association. In 1969, the Association stated:

We have been unable to discover any evidence which would indicate that there is any direct relationship between the registration of firearms or the licensing of gun owners and the reduction in crime committed by the use of firearms.

This should not be too surprising. The firearms used in crime are usually stolen or obtained from illegal sources. You can be sure that criminals are not going to rush to the local police department to register their guns. Congress can make it more difficult for reputable citizens to get firearms but this will help very little in fighting crime.

Charles Lee Howard, who has been serving time in the Ohio State Penitentiary, might well be called an expert on this subject. Mr. Howard has written:

It's baffling that the people who want to prevent criminals like me from getting hold of guns expect to accomplish this by passing new laws. Do they forget that the criminal makes a business of breaking laws? No criminal would obey a gun law while committing a crime of equal or greater seriousness.

The lesson of Charles Lee Howard should be clear to everyone. Any person that is willing to risk the penalties for murder, burglary or assault is not going to worry about the penalty for possessing an unauthorized weapon.

It is essential for Congress to maintain the distinction between the firearm and the user. The gun enthusiast, the sportsman, or the person who wants a gun for his self-defense must never be placed in the same class as the criminal.

WASTED SCIENCE DATA

HON. GARY A. MYERS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. MYERS of Pennsylvania. Mr. Speaker, the Pittsburgh Press, one of the Nation's leading newspapers, recently published a guest editorial by the able chairman of the Committee on Science and Technology, on which I have the honor to serve. The editorial by my colleague, the distinguished Member from the State of Texas, Chairman OLIN E. TEAGUE, is a reminder to us all and worthy of our collective attention.

The article follows:

WASTED SCIENCE DATA

Guest editorial by U.S. Rep. Olin E. Teague of Texas, chairman of the House Science and Astronautics Committee:

"Abundant evidence has shown that information management today is resulting in wasteful neglect of available knowledge and the funding of needless research to repeat findings already in the literature. This waste is no longer tolerable.

"Some students of the future predict that

national strength in the next century will be determined by the skill with which the nations of the world management their information resources.

"This is not hard to believe. We were fortunate, for example, in World War II that the scientific information was so bady neglected in Germany that its considerable advantage in early atomic science never won credence in the upper reaches of the Nazi government.

"Sometimes we in Congress, in our efforts to promote efficiency and economy, have tended to constrain the dissemination of scientific and technological information by government agencies. But this is a clear example of penny wise, pound foolish.

"When we pay millions for a piece of research, we should be willing to pay a sufficient fraction of that amount to insure that the fruits of the investment are fully utilized."

ON ST. PATRICK'S DAY EVERYONE IS IRISH

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BIAGGI. Mr. Speaker, on March 17 of each year, we pay tribute to the Irish. It is incredible when you stop and think how small the Emerald Isle is, yet how pervasive its influence has been on this country alone. On St. Patrick's Day, everyone is Irish.

This phenomena did not evolve accidentally. Two things precipitated it—the indefatigable spirit associated with the Irish and their multifarious accomplishments. There are numerous tales that relate the notion of what it is to be Irish. Few portray that spirit as dramatically as the tale of the "Nine Famous Irishmen"—forced from their native land to escape oppression but full of Irish spirit, a spirit vibrant enough to enkindle in the lands to which they were driven.

Captured, tried and convicted of treason in the Irish disorders of 1848, and sentenced to death, the nine were: John Mitchell, Morris Lyene, Pat Donahue, Thomas McGee, Charles Duffy, Thomas Meagher, Richard O'Gorman, Terrence McManus, and Michael Ireland.

Before passing sentence, the judge asked if there was anything that anyone wished to say. Meagher, speaking for all said:

My lord, this is our first offense but not our last. If you will be easy with us this once, we promise, on our word as gentlemen, to try to do better next time. And next time—sure—we won't be fools enough to get caught.

Thereupon, the indignant judge sentenced them all to be hanged by the neck until dead and drawn and quartered. Passionate protest from all the world forced Queen Victoria to commute the sentence to transportation for life to far away Australia.

In 1874, word reached the astounded Queen Victoria that the Sir Charles Duffy who had just been elected Prime Minister of Australia was the same Charles Duffy who had been transported 25 years before. On th Queen's demand, the records of the rest of the transported men were revealed and this is what was uncovered: Thomas Francis Meacher—the same Thomas Meagher—Governor of Montana; Terrence McManus, brigadier general, U.S. Army; Patrick Donahue, brigadier general, U.S. Army; Richard O'Gorman, Governor General of Newfoundland; Morris Lyene, Attorney General of Australia, in which office Michael Ireland succeeded him; Thomas D'Arcy McGee, Member of Parliament, Montreal, Minister of Agriculture and President of Council, Dominion of Canada; John Mitchell, prominent New York politician. This man was the father of John Purroy Mitchell, mayor of New York at the outbreak of World War I.

There are others too, countless Irishmen, who perhaps do not share the same ignominious start of the "Nine," yet who equal or surpass their achievements. Names of great Irish Americans, come quickly to mind: John Paul Jones, the founder of the American Navy; Robert Fulton, who made steam navigation a reality; James Butler, organizer of the first chain grocery store; George M. Cohan, who sang his way to greatness; F. Scott Fitzgerald and Eugene O'Neill, great novelist and playwright respectively; Colin Kelly, who drove his aircraft into the smokestack of a Japanese battleship in World War II; John F. Kennedy, war hero and President of the United States, and so many other heroes, Presidents, mayors, stage and screen personalities, business leaders, inventors writers and artists of fame and renown.

The Irish have held a special place in the hearts of Americans, and in reflecting upon just this little bit of history it is easy to see why. On St. Patrick's Day, at least those of us who are not of Irish descent can share for a day that noble heritage by being Irish too.

TAX CUT DOES NOT PROVIDE RELIEF FOR ALL

HON. ROBERT W. DANIEL, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ROBERT W. DANIEL, JR. Mr. Speaker, 2 weeks ago the House of Representatives passed the Tax Reduction Act of 1975. I found that I could not vote for it on final passage. It was a difficult decision to make, but I do not believe this bill provides genuine tax relief for all working Americans.

Almost one-half of the taxpayers who earn between $10,000 and $20,000 will receive no tax reduction at all. This bill will give, however, a cash payment to individuals who paid no taxes. This, in my judgment, is not the kind of legislation we need. The Congress has taken a good idea, a tax cut for Americans who work and pay taxes, and twisted it into another Federal give-away.

I did vote for a substitute tax reduction bill which would have provided a one-time $12 billion rebate of 1974 income taxes with an increased maximum rebate of $430 for individual, middle-income taxpayers. The rebate would have been aimed principally at middle-income taxpayers.

I have long supported cuts in Federal income taxes. The need for an individual tax cut would be clear even if Americans were not suffering the ravages of inflation and recession. In 1973, according to Commerce Department data, Americans paid more in State, local, and Federal taxes than they did for food, clothing, and housing.

LESSONS IN GOVERNMENT

HON. DONALD D. CLANCY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. CLANCY. Mr. Speaker, the gentleman from the First District of Ohio (Mr. GRADISON) and I have great pleasure in presenting members of the Fourth Annual Congressional Scholarship Program of Cincinnati, Ohio.

These 66 high school students, mostly seniors, are spending this week in the Nation's Capitol, attending meetings and seminars arranged by Congressman GRADISON and myself. In Cincinnati, the fourth annual program was organized and coordinated by the Greater Cincinnati Chamber of Commerce.

During this week, these scholars—who were selected for their interest in good citizenship and government—will meet with selected numbers of our colleagues, Members of the U.S. Senate, a U.S. Supreme Court Justice, newspapermen, members of the executive branch and lobbyists. They will tour the Capitol, the White House, Australian Embassy, Smithsonian, Archives, National Gallery of Art, Arlington Cemetery and Mount Vernon.

In sum, they will gain a better understanding of our Government through personal contact with some of its members and some of the historical places out of which it has evolved. This surely will assist them in assuming their responsibilities as adult citizens.

The schools and their student representatives in the Congressional Scholarship Program this year are: Aiken High School, Lesa Gail Profitt, Douglas R. Vice; Colerain High School, Todd Portune, Tara Gosser; Diamond Oaks High, Renee Rolinger.

Elder High School, James Kiffmeyer, Joseph Healey; Finneytown High, Thomas Stevens; Greenhills High, Thomas K. Nottingham; William H. Harrison High, Pete Nolan; Hughes High, Michale Wright, Kandace Krugger; LaSalle High, Mark Krueger; McAuley High, Karen Wesdorp.

Mother of Mercy High, Therese Murdock; Mount Healthy High, Kathi Henshaw, Barbara Meridieth; North College Hill High, Gary Brush; Northwest High, Patricia Ann O'Hern; Oak Hills High, Janice Church, Dirk Williams; Our Lady of Angels High, Karen Shulte; St. Xavier High, Roger A. Silbersack.

Seton High, Karen Kraft; Taft High, George Lee; Taylor High, Thomas P.

Corry; Western Hills High, Maryann Jacobs, Elizabeth Binhammer; Wyoming High School, Mark Fuller.

Anderson High, John Hayden, Terri Heekin, Bill Nester, Lori Haas; Deer Park High, Vernon Stulz; Forest Park High, Terry Abaray, David B. Jones; Indian Hill, Sally A. Moore; Live Oaks Joint Vocational, Christopher McVicker; Loveland Hurst High, Mike Schmees; Lockland High, Patricia Waldman.

McNicholas High, John Linneman; Madeira High, Scott Brown, Paul Lawrence; Marian High, Kathy Mackzum; Mariemont High, John Srofe; Moeller High, James A. Donnellon; Mount Notre Dame High, Lynn E. Rohr; Norwood High, Joan Tepe; Princeton High Cynthia A. Renz, Nancy Hiller.

Purcell High, Mark Rielly; Reading High, Mark Schulte; Regina High, Teresa Hehemann; Roger Bacon High, Dennis Krause; St. Bernard High, Mike Webb; Scarlet Oaks Career Development Center, Nancy Ann Steele; St. Ursula Academy, Pam Benken; Seven Hills High, Mary Helmsworth.

Summit Country Day, Karen Horan; Sycamore High, Bryan Fort; Walnut Hills High, Marsha Lindsey, Ken Brown; Withrow High, Ed Eakin, Jenny Oester; Woodward High, Michael Rosenfarb, and Mark A. Muldrow.

PENSION FOR WORLD WAR I VETERANS

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, almost 57 years have passed since the end of the First World War. Of the 4,744,000 U.S. participants it is estimated that only a million are still living. Even so the average age of surviving World War I veterans is more than 80 years.

I have previously introduced two separate bills urging that these veterans be given a pension. One of my previous bills would have established a new general service pension for World War I veterans. The other previous bill would have amended the existing Veterans' Administration program which has long been in force for Spanish-American War veterans and their survivors. Frankly, I would be happy with passage of either bill. The result would be the same—a pension would be given to World War I veterans. However, I personally favor setting up a new program for World War I veterans. They are a unique part of our past and they deserve unique treatment. The program for the Spanish-American War veterans will probably fit them about the same way the styles of 1917 would fit 1975 people. That is they would be serviceable but highly uncomfortable.

The Committee on Veterans' Affairs has traditionally had reservations about an unrestricted pension for World War I veterans and their dependents, and has resisted strong support from many Members of Congress for such a program. Veterans of every war prior to World War I have been awarded an unrestricted pension, and I believe World War I veterans, at an average age of 80 years deserve a pension.

In 1917, President Wilson called the young men of the United States into the bloodiest war in human history; 81,000 men did not return. Many came back injured. It is too late to repay most for their service to our country, but we can still do something for those still with us today.

It is my sincere hope that the 94th Congress will enact a pension for World War I veterans, and hence I am today, reintroducing legislation which I sponsored in previous Congresses to provide for this much-needed income to these very special senior citizens.

100 MEMBERS SUPPORT OPEN HOUSE REFORMS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ANDERSON of Illinois. Mr. Speaker, today I am reintroducing my package of nine "open House" reforms with 40 cosponsors, bringing to 100 the total number of House Members who have sponsored some or all of these measures. I am gratified and encouraged that we now have such a large, bipartisan group of cosponsors. This is a clear indication that a substantial number of House Members recognize the need to further open House proceedings and improve our procedures. My package of rules changes would do this by permitting broadcasting of floor proceedings, requiring more public committee meetings and House-Senate conferences, eliminating proxy and binding party caucus votes, and requiring more recorded votes in committees and public access to records of committee actions. In addition, my proposed reforms would tighten up on the use of the suspension procedure, and permit ample time at the beginning of a new Congress for the House to debate and amend its own rules.

Mr. Speaker, with the public performance approval rating of the Congress at an all-time low, it is obvious that we must make an all-out effort to restore public confidence by taking the Congress to the people. While much of the criticism of Congress is valid, we also suffer greatly due to a lack of public understanding of the legislative process. We have ourselves to blame for the "bum raps" laid to us, and we have it within our powers to exonerate ourselves by going public. By giving the people an electronic ear and eye to the House floor and by otherwise opening up our proceedings, the public image of Congress will be brought into sharper focus, and increased pressure will be on us to improve that image through better performance. While sunshine alone will not necessarily boost our popularity ratings, its rays should sting us into being more responsive and accountable.

At this point in the RECORD, Mr. Speaker, I include a summary of the nine "open House" amendments and the number of cosponsors of each, plus a list of the House Members who have cosponsored some or all of these reforms:

SUMMARY OF ANDERSON "OPEN HOUSE AMENDMENTS OF 1975"

(1) *Broadcasting House Floor Proceedings.*—This resolution authorizes and directs the Speaker to take immediate action to implement a plan for the audio and video broadcasting of House floor proceedings, to be made available to commercial and public broadcasters for news and public affairs programs following 60-day trial period—60 cosponsors.

(2) *Prohibit Binding Party Instructions.*—This resolution amends clause 1 of House Rule VIII to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes contrary to his conscience, and provides that any Member so bound may raise a point of order—90 cosponsors.

(3) *Public Access to Committee Records.*—This resolution amends clause 2(e)(1) of House Rule XI to provide that all records of committee action be made available for public inspectiol except for such material which may endanger national security or violate any law or House rule. Present rule only provides that record of rollcall votes shall be open to public—82 cosponsors.

(4) *Proxy Voting Ban.*—This resolution amends clause 2(f) of House Rule XI to completely prohibit proxy voting in committee—91 cosponsors.

(5) *Open Committee Meetings.*—This resolution amends clause 2(g)(1) of House Rule XI to require that all committee meetings be open unless the committee, by majority vote in open session, determines meeting should be closed because public disclosure of matters to be considered would endanger the national security or violate a law or rule of the House. Committees would still be permitted to meet in private for internal budget or personnel discussions—87 cosponsors.

(6) *Rollcall Votes in Committees.*—This resolution would amend clause 2(1)(2) (A) and (B) to permit any Member in committee to demand a rollcall vote on any proposition, and to require a rollcall vote on all motions to report a matter—78 cosponsors.

(7) *Suspension of Rules.*—This resolution would amend clause 1 of Rule XXVII to require that either the chairman and ranking minority Member of a committee or a committee majority, by rollcall vote, must request that a matter reported be considered under a suspension of the rules—84 cosponsors.

(8) *Open Conferences.*—This resolution amends clause 6 of House Rule XXVIII to require that all House-Senate conferences be open to the public and that each conference report contain a statement to that effect—73 cosponsors.

(9) *Consideration of House Rules.*—This bill would amend Title 2 U.S.C. Chapter 2 ("Organization of Congress") to require that, at the convening of a new Congress, ten-hours of general debate be allocated on proposed House rules resolution, equally divided between the majority leader and minority leader, and that amendments to the resolution shall be in order—88 cosponsors.

NOTE.—Forty House Members have cosponsored the entire package of nine reforms.

SPONSORS OF OPEN HOUSE REFORMS

Hon. James Abdnor (S. Dak.) *
Hon. Bella S. Abzug (N.Y.)
Hon. John B. Anderson (Ill.) *
Hon. Mark Andrews (N. Dak) *
Hon. Bill Archer (Tex.)
Hon William L. Armstrong (Colo.)
Hon. L. A. (Skip) Bafalis (Fla.) *
Hon. Robert E. Bauman (Md.)
Hon. Alphonzo Bell (Calif.)
Hon. Edward G. Biester, Jr. (Pa.) *

Hon. William S. Broomfield (Mich.)
Hon. Clarence J. Brown (Ohio) *
Hon. James T. Broyhill (N.C.)
Hon. John Buchanan (Ala.)
Hon. Clair W. Burgener (Calif.) *
Hon. Tim Lee Carter (Ky.)
Hon. Del Clawson (Calif.)
Hon. James C. Cleveland (N.H.) *
Hon. Thad Cochran (Miss.)
Hon. William S. Cohen (Maine)
Hon. Barber B. Conable, Jr. (N.Y.)
Hon. Silvio O. Conte (Mass.) *
Hon. Lawrence Coughlin (Pa.) *
Hon. Samuel L. Devine (Ohio)
Hon. Wiliam L. Dickinson (Ala.)
Hon. Thomas J. Downey (N.Y.)
Hon. Pierre S. du Pont (Del.)
Hon. Robert W. Edgar (Pa.)
Hon. David F. Emery (Maine) *
Hon. John N. Erlenborn (Ill.) *
Hon. Marvin L. Esch (Mich.)
Hon. Edwin D. Eshleman (Pa.) *
Hon. Millicent Fenwick (N.J.) *
Hon. Paul Findley (Ill.)
Hon. Hamilton Fish, Jr. (N.Y.)
Hon. Edwin B. Forsythe (N.J.)
Hon. Bill Frenzel (Minn.) *
Hon. Louis Frey, Jr. (Fla.) *
Hon. Sam Gibbons (Fla.)
Hon. Benjamin A. Gilman (N.Y.) *
Hon. William F. Goodling (Pa.) *
Hon. Charles E. Grassley (Iowa)
Hon. Gilbert Gude (Md.) *
Hon. Tennyson Guyer (Ohio)
Hon. Tom Hagedorn (Minn.) *
Hon. James F. Hastings (N.Y.) *
Hon. Andrew J. Hinshaw (Calif.)
Hon. Marjorie S. Holt (Md.)
Hon. Frank Horton (N.Y.) *
Hon. Henry J. Hyde (Ill.) *
Hon. James Jeffords (Vt.) *
Hon. Albert W. Johnson (Pa.)
Hon. James P. Johnson (Colo.) *
Hon. Robert W. Kasten, Jr. (Wis.)
Hon. Richard Kelly (Fla.)
Hon. Jack F. Kemp (N.Y.) *
Hon. Thomas N. Kindness (Ohio)
Hon. Robert J. Lagomarsino (Calif.) *
Hon. Delbert L. Latta (Ohio)
Hon. Norman F. Lent (N.Y.)
Hon. Trent Lott (Miss.)
Hon. Manuel Lujan, Jr. (N. Mex.) *
Hon. Robert McClory (Ill.) *
Hon. Larry McDonald (Ga.)
Hon. Robert C. McEwen (N.Y.)
Hon. Stewart B. McKinney (Conn.) *
Hon. Andrew Maguire (N.J.)
Hon. James G. Martin (N.C.)
Hon. Spark M. Matsunaga (Hawaii)
Hon. Robert H. Michel (Ill.)
Hon. Abner J. Mikva (Ill.)
Hon. Clarence E. Miller (Ohio)
Hon. Donald J. Mitchell (N.Y.)
Hon. W. Hinson Moore (La.)
Hon. Carlos J. Moorhead (Calif.) *
Hon. Charles A. Mosher (Ohio)
Hon. George M. O'Brien (Ill.) *
Hon. Peter A. Peyser (N.Y.)
Hon. Joel Pritchard (Wash.) *
Hon. Ralph S. Regula (Ohio)
Hon. John J. Rhodes (Ariz.) *
Hon. Philip E. Ruppe (Mich.)
Hon. Ronald A. Sarasin (Conn.) *
Hon. Patricia Schroeder (Colo.)
Hon. Richard T. Schulze (Pa.)
Hon. Keith G. Sebelius (Kans.) *
Hon. Garner E. Shriver (Kans.) *
Hon. Paul Simon (Ill.)
Hon. Gene Snyder (Ky.)
Hon. Stephen J. Solarz (N.Y.)
Hon. Floyd Spence (S.C.)
Hon. J. William Stanton (Ohio) *
Hon. Fortney H. Stark (Calif.)
Hon. Alan Steelman (Tex.) *
Hon. William A. Steiger (Wis.)
Hon. Burt L. Talcott (Calif.)
Hon. Charles Thone (Nebr.)
Hon. David C. Treen (La.)
Hon. William Whitehurst (Va.)
Hon. Bob Wilson (Calif.)
Hon. Larry Winn, Jr. (Kans.)
Hon. C. W. Bill Young (Fla.)
*Denotes Members who have cosponsored all nine reforms.

LEE HAMILTON'S FEBRUARY 26, 1975, WASHINGTON REPORT, "AGRICULTURE, 1975"

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. HAMILTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my February 26, 1975, Washington Report, "Agriculture, 1975":

AGRICULTURE, 1975

During these winter days farmers are making critical choices about plantings and crops. As they do, their unease is apparent. They are already smarting from rising costs and weakened commodity prices, and they correctly sense that American agriculture is at a watershed.

In the 1960's excess production and burdensome stocks were common, with a downward drift in real prices. In the 1970's the long trends are moving in a different direction. The excess capacity in American agriculture has declined. Productivity gains are slowing, and the supply of labor is in better balance with demand. There is an increase in demand for U.S. agricultural output. The world agricultural situation has worsened, with total agricultural output declining in 1972 after two decades of steady growth and the preliminary data for 1974 indicating no increase over 1973. Moreover, agricultural products appear to be entering a period of greater price instability, as large agricultural surpluses and a land reserve held from production have disappeared and world trade has intensified fluctuations in price. Prices are now more subject to changing market conditions.

In recent years the government has shifted to a market-oriented farm policy. The government is retreating from intervention in agriculture, planting restrictions are ending, and spending to boost farm prices is sharply down.

Despite the changes in trends and policies, 1974 was, by any measure, a disappointment in agriculture. It was the year of lower crop production, a decline in cattle prices, and record high prices for fertilizers, seed, and fuel. Net farm income dropped 17% to $27 billion from the record $32.5 billion of 1973. Farm exports reached a record $21 billion (which is expected to be repeated in 1975).

In 1974 grain farmers did all right, but livestock and dairy farmers suffered. For over three months now, farm prices have been falling. Since October, corn is down by about ¼, and soybeans and soymeal are down more than ⅓. Consumer resistance to high prices at the grocery store, a cutback in the number of cattle, and exports simmering down a bit have all contributed to the decline.

All is not well, then, in American agriculture. Farm prices are going down and food prices are going up, making both farmers and consumers unhappy. Farmers face an uncomfortable squeeze between rising costs and declining prices this year, with a sizeable drop in net farm income expected in 1975.

To help the farmer, the Congress is seriously considering some major changes in agricultural policy, including an increase in price guarantees and support loan levels, emergency loans, a national reserve of grain to cushion shortages and stabilize prices, an effort to monitor grain exports closely to prevent a drain on U.S. supplies, and an investigation of the lack of competition in the food industry.

Not all of these suggestions will meet with the approval of President Ford. In his economic message to the Congress, the President said that raising price guarantees would be a "backward" move for farm policy. He fears that boosting target prices for crops will cost the government billions of dollars a year if prices fall and could lead to new farm surpluses, large government payments, and even production controls.

Nevertheless, Congress is moving ahead to boost crop price protection levels, and the debate will be over the amount of the increase. A debate is also shaping up over a national reserve for wheat, feed grains, cotton, and soybeans for use when supplies are tight and to help stabilize prices. Some want the government to manage the reserves; others, including the President, want the grain companies and the farmers to handle it; and still others support a compromise proposal for a reserve that would be held partly by government, partly by the grain companies, and partly by the farmers. Although it is widely agreed in the Congress that steps must be taken to give farmers priority in energy and fertilizer, a debate in the Congress will occur on food prices, which jumped 15% last year and will jump again this year Consumer advocates want to curtail increases by giving the President the power to delay food price increases. The outcome of these debates is very much in doubt. The struggle over the new approaches may not reach a showdown, because eventual compromise is possible.

In my view government policy must work to alleviate the price instability problem through improved information and analysis to farmers, freer trade of agricultural products, improved coordination among countries in the conduct of their agricultural policies and in building and maintaining grain stocks for use in emergencies and in years of crop shortfall.

Producers and consumers have a common interest in price supports high enough to assure farmers a profitable operation at the high volumes the country needs and national stocks of grain as insurance against an emergency and to dampen inflationary price increases. Such policies will help avoid inflation in the supermarkets and waves of panic on the farm over wide fluctuations in prices.

INTRODUCES LEGISLATION TO AMEND FREEDOM OF INFORMATION ACT

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SPELLMAN. Mr. Speaker, today I am introducing legislation to amend the Freedom of Information Act to secure to Federal Government employees the right to disclose information which is required by law to be disclosed by Federal agencies, and to make disclosures of other information to Congress if such disclosures are made pursuant to a written request for such information made by Congress.

Specifically, this legislation would: First, afford employees the right to bring a civil action in Federal district court to obtain redress for any agency actions taken against them in retaliation for the exercise of their right to disclose information; and second, provide that in all

cases that arise under the bill the taking of a personnel action against any employee within 1 year after he discloses information covered by this bill shall create a rebuttable presumption that the action was taken because of the disclosure of information.

This bill, in my belief, will safeguard Federal Government employees against employer retaliation when they legally disclose information which their superiors, in violation of the Freedom of Information Act deny to the public. It will also guarantee the public's right to know.

Mr. Speaker, Senator EDWARD KENNEDY has introduced this legislation in the Senate. Together, we hope to enact it into law.

WORLD WAR I DEBTS AND SENATOR BYRD OF VIRGINIA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the fact that this Nation domestically is in serious economic trouble is no secret. It is also becoming fairly well known that the dollar is in trouble abroad. For decades now, the United States has been handing out money to foreign nations, and even when honest debts come due, we either ignore them or negotiate some lower payment figure. This has all been to the detriment of the dollar and the poor American taxpayer. Therefore, I was pleased to read the other day that at least one Member of the other great body of the Congress is still concerned over the debts owed us by foreign nations. This information appeared as an editorial in the Richmond Times-Dispatch on January 24, 1975, and was entitled: "Needed: More Nuts." Nuts refers to a comment made by a State Department official who is bored with the subject of debts owned the United States. I commend this editorial to the attention of my colleagues and wish to go on record as being a "nut" who is interested in collecting those debts. The article follows:

[From the Richmond Times Dispatch
Jan. 24, 1975]

NEEDED: MORE "NUTS"

In his fight against wasteful, irresponsible federal spending policies. Virginia Sen. Harry F. Byrd Jr. often finds himself alone in the trenches, waging a solitary battle against an enemy that seems to frighten few others. This was precisely his predicament when his Subcommittee on International Finance and Resources held a hearing last week on an agreement between President Ford and President Valery Giscard d'Estaing of France to reduce a NATO-related French debt to the United States.

Of the seven members of the subcommittee, three did not appear for the meeting. Three left early. In the end, only Senator Byrd, the chairman, remained to question State Department officials about the agreement.

After the hearing, one of the witnesses, Deputy Secretary of State for European Affairs James G. Lowenstein, told reporters that he had found the hearing "monumentally boring." And as if that display of bureaucratic superciliousness were not disgusting enough, he added that he had been told "Harry Byrd is a nut on World War I debts."

Well, if Harry Byrd is a "nut," this country clearly and urgently needs more "nuts" in Congress. If enough congressmen shared his profound concern about excessive federal spending and federal mismanagement of the taxpayers' money, the nation would be in far better condition.

Consider the French NATO debt, incurred when France expelled that organization in 1967. Though the United States had invested more than $900 million in military funds in France for NATO and NATO-related purposes, Washington originally decided that France need pay only $378 million for the American installations it took over following NATO's expulsion. At their meeting in Martinique last month, Presidents Ford and Giscard agreed to reduce the obligation to $100 million—free of interest. Such a settlement, Senator Byrd has noted, would amount "to 27 cents on the dollar."

As for France's World War I debt to the United States, that totals $6 billion. Yes, $6 billion!

No wonder Harry Byrd is incensed. All of us should be, for this is our money. Money owed to the United States by France or by any other country is money that belongs to the American people. For his determination to challenge agreements that short-change this nation, Senator Byrd deserves the gratitude of every taxpayer.

Despite the loneliness of his position and the insufferable arrogance of some of the bureaucrats he questions, Senator Byrd, we hope, will persevere. And this he apparently intends to do. In a Senate speech inspired by Secretary Lowenstein's insulting remarks, the senator promised to continue to "bore" high government officials with committee hearings, for "there is too much waste, extravagance and, indeed, incompetence in the handling of funds of the American taxpayer." Let us hope that Senator Byrd will prove to be "boring" enough to chase at least some of the irresponsible spenders out of the government, making room for more officials who respect the taxpayer and his money.

DR. WILLIAM E. MOSHER, OF ERIE COUNTY, ANNOUNCES RETIREMENT EFFECTIVE JULY 1

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. NOWAK. Mr. Speaker, for a quarter century, Dr. William E. Mosher has served in the Erie County Health Department, the last 16 years as its commissioner. He has earned a reputation as a "pioneer" and farsighted administrator in the public health field. Last week, this outstanding public servant announced he will retire from government service effective July 1.

As a tribute to Dr. Mosher, I would like to bring to my colleagues' attention the following articles from two Buffalo, N.Y., newspapers, which detail some of his accomplishments.

The first article appeared March 12, 1975, in the Buffalo Evening News and the second appeared March 13, 1975, in the Buffalo Courier-Express:

DR. MOSHER WILL RETIRE ON JULY 1 AS COUNTY HEALTH COMMISSIONER

Dr. William E. Mosher, Erie County Health Department commissioner for the past 16 years, will retire July 1.

Dr. Mosher, 65, an employe of the department for 25 years, informed County Executive Regan of the decision Tuesday afternoon.

Terming the decision "difficult," Dr. Mosher said in a letter to Mr. Regan that "it is time for me to seek a less demanding way of life than that of a public official in charge of a large department."

Referring to his work with the county, he added that "these years have been the most rewarding period of my life and I am happy to have played a role in the development of the Erie County Department of Health."

Dr. Mosher told The Buffalo Evening News that he has considered retiring for several years.

"After 38 years of public life, I think I've had enough. I've decided to live a more quiet life and do some consulting and perhaps some part-time teaching."

County Executive Regan said he was "disappointed" that Dr. Mosher would consider retiring and admitted he had tried to talk him into reversing the decision.

"He has been absolutely a superb commissioner of health," Mr. Regan told The News. "It's going to be not quite the same here without Bill Mosher and it will be very difficult to find someone else of his caliber."

A native of Ohio, Dr. Mosher received his medical degree from Syracuse Medical School in 1936 and his master's degree in public health from the Harvard School of Public Health in 1939.

Except for a period from 1943–46 when he served in the Navy, Dr. Mosher has worked in public health since 1937 when he joined the State Health Department as an epidemiologist-in-training.

He served as an assistant district health commissioner with the department from 1939–41 and as health commissioner for Cortland County from 1941–43 and 1946–50.

Dr. Mosher was appointed a deputy health commissioner for Erie County in 1950, first deputy commissioner in 1954 and health commissioner in 1959.

Under his leadership, the department expanded its work in case finding, treatment and prevention of tuberculosis and has attracted state and federal grants totaling more than $5 million

Programs instituted under him include surveillance of radiologic equipment used by local health facilities, the establishment of community health centers and programs dealing with such varied subjects as rodent control, sickle cell anemia, lead poisoning and family planning.

The author of several scientific papers and a co-author of the book, "Long-Term Childhood Illness," he received the Hermann M. Biggs Award for his outstanding work in public health from the New York State Public Health Association in 1972.

He is president of the association's Western New York affiliate, the Niagara Frontier Environmental Research Foundation Inc. and the J. Sutton Regan Cleft Palate Foundation.

A diplomate of the American Board of Preventive Medicine and Public Health, he is a clinical professor of social and preventive medicine at the State University of Buffalo.

Dr. Mosher was named an outstanding citizen by The Buffalo Evening News in 1960 and in 1965 received a brotherhood award from the National Conference of Christians and Jews.

DR. MOSHER TO RETIRE JULY 1 AS COUNTY HEALTH DEPARTMENT CHIEF

(By Richard Beer)

Ike was in the White House, polio was being overcome and tuberculosis was a major medical problem when Dr. William E. Mosher became Erie County commissioner of health in 1959.

After 16 years in that position, Dr. Mosher announced on Wednesday he is retiring, effective July 1.

"He's going to be enormously difficult to replace," commented County Executive Edward V. Regan in accepting Dr. Mosher's letter of retirement. "He's been a real pioneer" in the public health field, Rogers added.

With his retirement, Dr. Mosher, 65, will round out a career in public health service which has spanned five decades.

He went to work with the State Health Dept. in 1937 after completing his medical training and came to the Erie County Health Dept. in 1950, only two years after it was formed as a replacement for the old Buffalo City Health Dept.

Looking back on those decades of delivering health care to the public, Dr. Mosher said "our greatest accomplishments have been where we've been able to do it on a mass basis."

He cited the eradication of such dreaded infectious diseases as polio and diphtheria and the almost total extinction of tuberculosis as solid accomplishments.

On tuberculosis, Dr. Mosher noted in 1955 Erie County spent $1.5 million a year for hospitalization of persons with the disease, but last year, even with hospital costs far higher than in 1955, only $100,000 was spent for TB patients.

Dr. Mosher also pointed to tremendous strides in controlling other infectious diseases, particularly those affecting children.

"In the last 10 years," he said, "we've had measles vaccine, German measles and mumps vaccine" which have limited the incidence and severity of those illnesses.

With those diseases, which once struck down so many children, under control, Dr. Mosher said, "now the healthiest time of life is ages one to 20."

"What we're left with today," after bringing most serious infectious diseases under control, "is a different type of problem," Dr. Mosher observed.

"Accidents and major chronic diseases" have moved to the fore as health menaces, Dr. Mosher said, and so far they've proven quite difficult to cure.

Heart disease, high blood pressure, arthritis and cancer are among the leading health concerns now but, as Dr. Mosher pointed out, "The only mass technique we have is education . . . get people to stop smoking, give up drinking and so on."

Along with the education has been "mass screening" for these diseases, giving persons tests, usually free of charge, in locations all around the county.

Screening itself isn't enough, Dr. Mosher said, so the department has set up neighborhood health centers, bringing basic health care to persons in areas lacking doctors, such as Buffalo's inner city and Lackawanna. "We've led the nation in neighborhood health," he said proudly.

As for his immediate future, the commissioner said, "I think Mrs. Mosher and I would like to do some traveling" and spend time at their summer retreats in New Hampshire and Georgian Bay, Ont.

After that, Dr. Mosher said he may do some part-time consulting work or teach at the University of Buffalo medical school.

In looking for a successor to Dr. Mosher, Regan said "the search will be statewide, if not beyond the borders of New York state." However, he did not rule out elevating someone from within the department.

Regan, a Republican, is empowered to choose a new commissioner, but his nomination is subject to approval by the Democratic-controlled County Legislature.

Regan said the search for a successor will be difficult because "the requirements are so high and the salary is so low."

The commissioner, who must be a physician with a degree in public administration too and at least four years' experience as an administrator, receives $38,362 a year. That's considerably less than most physicians can earn in private medical practice.

Regan said he does not have any successors in mind. "Right now we're going to get a list from the state of all persons who are eligible for the job," he said.

A possible successor, though, would be Dr. Donald B. Thomas, now the department's first deputy commissioner, in charge of local health service.

He is reportedly the only person in the department besides Dr. Mosher who meets the strict requirements for the commissioner's post.

As first deputy, Dr. Thomas fills in as commissioner whenever Dr. Mosher is out of town and will take over on an acting basis if no successor is chosen by July 1.

Dr. Mosher held the same post Dr. Thomas now holds for three years before being elevated to commissioner.

It is impossible to capsulize in words the cumulative beneficial impact Dr. Mosher has had on our community and its well-being. On behalf of the citizens of Erie County, however, I would like to express our thanks for his dedicated service and wish him well as he looks forward to the deserved benefits of a fruitful retirement.

CONGRESSMAN'S CONGRESSMAN

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. LLOYD of California. Mr. Speaker, The sadness of Jerry Pettis' tragic and untimely death still lingers in my heart and I am sure in the hearts of his many friends in this House. Tributes to Jerry have been many and heartwarming. I would like to add another such tribute, which appeared in the Ontario Daily Report, written by Editor John Jopes. It expresses so well what Jerry meant to us:

CONGRESSMAN'S CONGRESSMAN

In a personal letter to a friend and journalist some years ago Jerry Pettis said, "I've always thought of you as a newspaperman's newspaperman."

It was, in his estimation, the highest compliment he could pay his friend.

Now, in the wake of his death Friday and on the eve of his funeral it is proper to say Jerry was a congressman's congressman, a politician's politician, and certainly was destined to become a stateman's statesman.

Jerry Pettis, the tall, quiet, dignified man that he was, was in the midst of that strange and wonderful transition in which a man stops being simply a representative from such and such a district, and becomes a congressman of the United States.

It happens to comparatively few members of the House.

His stature among all political parties in the Congress had grown immensely, but not surprisingly, in the past four years.

He was a counsel to the President of the United States, a friend to those who needed him, and a great contributor to the nation's legislative process.

Jerry Pettis was a respected adversary in the arena of congressional debate, and a master of reasonable compromise—the mother of political progress.

Above all, he was his own man. Early in his career he was generally described as a conservative Republican. Then later he was regarded as more moderate. Some in his own party even believed him to be a bit too liberal in some areas.

Actually, he was none of these and all of these.

He believed in every issue there was a course to be found that would be best for all. He never ceased searching for that course. Once having found it, he remained true to his conviction.

That is why he was everyone's congressman—why he earned around 75 percent of the vote the last time he ran for election.

Jerry Pettis was many more things—a friend, a great family man, a church worker, educator and farmer.

But fundamentally he was a congressman—

A congressman's congressman.

HOUSE OF REPRESENTATIVES—*Wednesday, March 19, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, offered the following prayer:

Let us search and try our ways and turn again unto the Lord.—Lamentations 3: 40.

Eternal Spirit, who art a strong tower of defense to all who put their trust in Thee, have mercy upon us as we bow in prayer before Thee and make us ready for the tasks of this new day. Grant that in all our moods, high and low, we may keep faith with Thee in whom alone true life is to be found.

Help us to accept our privileges with gratitude, our troubles with fortitude and our responsibilities with fidelity. Deliver us from worries which wear us out, from frictions which render our efforts futile, and from low desires which dissipate our devotion to the best interests of our country.

Make us gloriously equal to every experience and truly adequate for every task to keep freedom for all, justice for all, and good will for all alive in our Nation and our world.

In the spirit of Him who went about doing good we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were com-