U.S. SUPPORT OF BOYCOTT

The U.S. enthusiastically cooperates in the boycott. "America is one of the worst in trying to make sanctions hurt us," says Prime Minister Smith. The U.S. is even forcing American chrome buyers to deal with Communist Russia at prices 50% higher than Rhodesian chrome.

Still, says the prime minister, "Sanctions have drawn our people closer together. Overnight we have developed into a young nation." He cites the fact that 72% of the voting population voted for the new constitution, while 81% favored creation of a republic. That voting population is primarily white, it is true. Mr. Smith points out, though, that nearly a quarter of the members of parliament are blacks, a fact often overlooked in discussions of white domination here.

Foot on desk, he leans back in his swivel chair to add: "As far as sanctions are concerned, we expect that they will gradually erode away." He shakes his head as he adds, "Unfortunately, it is the African who is suffering most because of sanctions. We employ the same number of Africans now as at UDI. But the African population is increasing and we should be increasing the total number employed. Sanctions keep us from doing that."

Then he expresses puzzlement about the American position in Africa. "Why is America persecuting us?" he asks. "The United States is one of the most active countries in enforcing sanctions against us. Yet we are holding the line here against Communist encroachment in Africa through Zambia and Tanzania."

Shaking his head again, he says, "We've fought alongside Americans in World War II. Now we've found the same weapons on Communist armed guerrillas here as are killing American boys in Vietnam. We aren't asking for a single dollar or a single American life or a single gun to help us. All we ask is that you leave us alone."

SENATE—*Friday, October 3, 1969*

The Senate met at 11 o'clock a.m. and was called to order by Hon. JAMES B. ALLEN, a Senator from the State of Alabama.

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

O Thou who hast promised that they that wait upon the Lord shall renew their strength, teach us in holy silences how to wait and how to listen that we may be strengthened by Thee, and, strengthened by Thee, we may love and serve Thee. May the drive of daily duties never crowd Thee from our inner being, but keep us so aware of Thy presence that our work may be our worship. Be in and with all who are in the service of this Nation that we may forward the day of Thy coming kingdom, the law of which is love, and the ruler of which is the Eternal God.

In His Name we pray. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate.

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 3, 1969.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. JAMES B. ALLEN, a Senator from the State of Alabama, to perform the duties of the Chair during my absence.

RICHARD B. RUSSELL,
President pro tempore.

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, October 2, 1969, be dispensed with.

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

MESSAGE FROM THE PRESIDENT

A message from the President of the United States submitting a nomination was communicated to the Senate by Mr. Leonard, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore laid before the Senate a message from the President of the United States submitting a nomination, which was referred to the Committee on Commerce.

(For the nomination this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Acting President pro tempore:

S. 2068. An act to amend section 302(c) of the Labor-Management Relations Act of 1947 to permit employer contributions to trust funds to provde employees, their families, and dependents with scholarships for study at educational institutions or the establishment of child-care centers for preschool and school-age dependents of employees; and

S.J. Res. 46. Joint resolution to authorize the President to designate the period beginning November 16, 1969, and ending November 22, 1969, as "National Family Health Week".

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, at the conclusion of the speech to be delivered by the distinguished Senator from Nebraska (Mr. CURTIS), there be a period for the transaction of routine morning business, with statements therein limited to 3 minutes.

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

ORDER OF BUSINESS

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

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

The assistant legislative clerk proceeded to call the roll.

Mr. SCOTT. 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.

RECOGNITION OF SENATOR CURTIS

The ACTING PRESIDENT pro tempore. Under the order of yesterday, the Senator from Nebraska is recognized for not to exceed 1 hour, after which the morning business will be taken up.

TAX REFORM ACT OF 1969

Mr. CURTIS. Mr. President, I am opposed to changing the tax-exempt status of State and municipal bonds in any manner. Likewise, I am opposed to the provisions of the tax bill now under consideration by the Senate Committee on Finance relating to foundations and the giving of property of appreciated value. These are but parts of H.R. 13270, referred to by some as the "Tax Reform Act of 1969."

This measure, now before our committee, is potentially one of the most significant revenue bills ever to come before the Congress of the United States. I commend the Nixon administration, particularly Secretary Kennedy and the Assistant Secretary of Treasury for Tax Policy Cohen, the House Ways and Means Committee, particularly my good friends, the distinguished chairman of the committee, WILBUR MILLS, of Arkansas, and the very able ranking minority member, JOHN BYRNES, of Wisconsin, for the efforts they collectively have made in connection with tax reform. I served on the Ways and Means Committee for 10 years, and I speak with some appreciation of the tremendous amount of work that went into the House passage of H.R. 13270.

However, a good many basic public policy issues as well as public revenue issues are raised by many of the House tax reform proposals, and I am deeply disturbed that several provisions, if enacted, will be completely counterproductive in the terms of advancing what I consider to be the clearly defined national interest.

I refer, first, to the vehement opposition of State and local government officials to the House-passed provisions relating to the tax treatment of State and local bonds. The protests of those

who oppose these provisions carry a conviction more compelling than the hollow ring of self-serving declarations of those who simply seek to avoid higher taxes. Their arguments as to the undesirable policy implications of these provisions have impressed me. While I am for tax reform, I also favor decentralization of governmental authority, and any tax provision which would weaken State and local governments and make them more dependent upon the Federal Government is questionable in my mind.

As a practical matter, I also am concerned about another possible side effect of the House-passed provisions relating to State and local bonds—the possible increase in the property tax burden of property owners in this country. The demand for services and physical facilities at the State and local level is almost incomprehensible. The cost of State and local government is skyrocketing. In the last 2½ years the State and local expenditure rate on goods and services has risen to $111.9 billion, an increase of 25.3 percent as compared with a Federal increase of 10.9 percent. If, as State and local government officials contend, the impact of the House provisions relating to State and local bonds will be to increase the borrowing costs of such governmental entities, it is inevitable that these increased costs will have to be raised through the imposition of additional taxes since only the Federal Government can continue to operate with large deficits. Local governments are heavily dependent upon the property tax as a source of revenue. I need not remind my colleagues of the tremendous constituent concern existing about high property taxes on homeowners. I do not wish to have to answer the charge that I am partially responsible as a member of the Senate Finance Committee and as a Member of the Senate for an increase in the tax cost of homeownership in cities and counties across Nebraska. If property taxes will thereby be increased, enactment of the House provisions regarding State and local bonds will not only be bad policy but also bad politics.

Second, I am deeply disturbed that other provisions of the bill will, if enacted, deal a crippling blow to our schools, colleges, hospitals, and other similar organizations which depend on private philanthropy to survive in today's world of soaring costs. One needs only to look at the burgeoning enrollments in our schools, colleges, and universities and the ever-mounting numbers of patients in our hospitals, the demands for increased salaries, and the skyrocketing costs of construction, to realize that these organizations are in grave financial danger. The Federal Government, already commendably committed to minimizing increased expenditures in order to fight inflation—the most unfair tax of all—cannot provide additional massive assistance to these organizations. Truly, this is a time when private philanthropy should be encouraged, rather than discouraged. Yet, many of the provisions of the tax reform bill affecting private foundations and charitable contributions must be viewed as lessening if not eliminating the incentive for private philanthropy.

Mr. President, I wholeheartedly agree that private foundations should not be used merely as a tax shelter. Accordingly, I vigorously support those provisions of the bill which prohibit self-dealing and require foundations to distribute all of their income on a current basis.

What concerns me, however, is that the House did not stop at acting to prevent these abuses but went on to pass other provisions which can only be characterized as punitive in nature. The potential for disruption contained in these provisions is staggering. For example, the proposed 7½-percent income tax on private foundations is a radical departure from our historic public policy of encouraging private philanthropy, which has so clearly contributed so much to our society. As the Treasury Department itself has recognized, the burden of this tax would ultimately be borne by those schools, colleges, and hospitals which are so dependent on foundation funds. For example, in my own State of Nebraska, private colleges carry 30 percent of the cost of higher education. I doubt that a single one of them could meet the needs of the times without the aid of foundations. Curiously, under the House bill, those foundations which produce the greatest amount of income and thus provide the greatest support for our schools and colleges would pay a greater tax than those organizations who abuse the privilege of tax exemption by investing in assets which produce little or no income for charity.

Mr. President, taxing the income of foundations is in reality taxing those organizations, such as schools and hospitals, which provide services and facilities that the Government would be forced to provide if these organizations are crippled. During the past few weeks I have listened to college presidents, church officials, and representatives of similar organizations urge the Committee on Finance to carefully consider what they, the experts in this field, view as the potentially disastrous effects of this bill. To them, the tax on foundations represents nothing less than a dollar for dollar reduction in their financial resources, resources they so vitally need to educate our future leaders. These are men who have no other interest than to insure the continued high quality of American education.

Mr. President, their fears are not illusory. In a recent year, 20 universities received nearly 80 percent of all Federal aid to higher education. Other educational institutions—private and public—obviously must depend heavily on State and private sources of funds. Mr. President, privately supported colleges which bear a great portion of the public burden of educating our young, simply cannot afford to lose the support of American philanthropy, support which we, the Congress, have committed ourselves to encourage since the earliest days of our income tax laws. Even our great State universities must, of necessity, rely heavily on grants from private foundations and private philanthropy.

I realize, of course, that the Government will need funds for a vigorous enforcement program by the Internal Revenue Service so that past abuses of the tax exempt privilege will not be repeated in the future. There is merit in this view that this cost should not be borne by taxpayers generally. Accordingly, I approve the proposal that private foundations be required to provide funds for such compliance activities through an annual fee measured by the value of their assets.

Other provisions of the tax reform bill respecting private foundations greatly disturbs me. For example, under the House bill, a foundation could not own more than a specified percentage of the stock in a business corporation. Although the stated purpose of this provision—to insure that foundations are operated exclusively for charitable purposes—is laudatory, there is simply no proof that every foundation whose assets consist of controlling interests in other corporations operates any less in the public interest than a private foundation which does not so control a business. Indeed, the major abuse at which this provision is aimed would clearly be eliminated by the provision in the House bill requiring a foundation to have a minimum current yield on its investment assets and requiring its current distribution to charity. I find it hard to see why the proposed limitation on stockownership is necessary. So long as a private foundation earns a reasonable amount of current income and distributes all of its current income to charity, the privilege of tax exemption is not abused regardless of the type of assets held by the foundation. The enactment of this provision will provide no revenue whatever.

Mr. President, we are considering a tax bill to do justice, to equalize the burden on taxpayers. In this particular instance, there is inserted in the bill a provision totally unsupported by any evidence as to its necessity which will not bring in one dime of revenue.

Finally, I think it is clear that the penalties which the House bill would impose on both the private foundation and its managers for violation of its provisions are much too harsh, foreseeably involving civil fines far exceeding any fine which could be imposed in a Federal criminal case. In short, in many of these cases, the punishment simply does not fit the "crime."

In short, Mr. President, I regard even the most private of private foundations as a public institution. I vigorously support the purpose of those provisions of the bill which are intended to prevent future abuses of the privilege of tax exemption and abuses in charitable giving. But I am deeply concerned lest, under the banner of tax reform, we do not stop at alleviating these abuses but rush on in an effort to meet a deadline to enact ill-conceived legislation which will be disastrous in its impact upon schools, colleges, hospitals, and other similar organizations.

These provisions give me serious concern even apart from their potential for disruption. They represent nothing short of an all-out assault on the concept of pluralism under which this country

has prospered since its inception. By discouraging American philanthropy, as these provisions would surely do, those organizations who depend on private funding will be forced to turn in ever increasing numbers to Washington. If Federal assistance is forthcoming, not only will the battle against inflation be set back as the result of budgetary deficits, but collective national judgments will be substituted for local and individual choices. To those of us who believe in the continuing vitality of the theory Tocqueville remarked:

> The success of a democracy may be measured by the quality of functions performed by private citizens.

The role of private philanthropy in America is far too important to permit it to be undercut by ill-conceived and hasty legislation.

Mr. President, the Senate has often prided itself on being the greatest deliberative body in the world. In that tradition, let us take the time to enact carefully considered legislation which deals with recognized abuses without destroying private philanthropy. This goal can be accomplished if we have the will, and take the time, to do it.

I want to say something now about the importance of this proposed tax bill to our libraries, our museums, our colleges, our churches, our children's camps, our hospitals, our research centers, and other such institutions. Those provisions of law which create incentives for individuals to give their property away to good causes should not be altered.

If an individual has owned a piece of property for some time and he gives it to one of these excellent institutions, he should not be required to pay a capital gains tax. The reason is simple. He has not gained financially. He has given something valuable away. Second, the current value of the gift is the right value to measure the donor's charitable deduction. This is a proper incentive. It is an incentive that materially helps to support our finest institutions.

Mr. President, if a taxpayer has a property that has increased in value, and he gives it away, it is no longer his. He could have sold it and reinvested the money and created more wealth for himself. He could have spent it for his own pleasure. He could have hoarded it. Why should there not be a tax incentive for him to give it to a most worthy cause that helps everyone?

If we are to have a tax reform bill, Mr. President, it must not alter in any manner the tax-exempt status of the bonds of State and local governments. It must not contain the provisions of the House bill with respect to foundations and charitable giving.

There are many, many far-reaching changes in this bill, H.R. 13270. I shall have something to say about some of the proposed changes at a later time.

Mr. President, I yield the floor.

Mr. PEARSON. Mr. President, I would like to commend the Senator from Nebraska for the very excellent statement and well reasoned argument in regard to foundations and charitable institutions. I would amplify the record he has made by indicating that we have an enormous number of church-affiliated colleges in Kansas, as there are in the State of the Senator from Nebraska. I have some intimate knowledge of what the financial conditions are in those institutions. I have been called upon on a number of occasions to help raise money and solicit funds, particularly for church-affiliated schools. I do not know how they are hanging on. The presidents of those institutions spend practically all their time in fundraising efforts. The Senator makes an excellent point in his concern with regard to funds for such institutions.

Indeed, it applies to State universities. Kansas State and the University of Kansas rely heavily on gifts and grants and foundations. If such sources of funds dried up, the call upon Federal funds will be that much greater in the years ahead.

I recognize some of the evils that have been brought to the attention of the Congress in regard to foundations, but it would be a mistake to overreact, particularly in the vital field of education, where we have such a great need for funds.

I again commend the Senator.

Mr. CURTIS. I thank the distinguished Senator from Kansas. I appreciate his words very much.

I would like to call attention to the fact that there are perhaps as many as 22,000 private foundations, and there may be more, in the country. Individuals and groups that are against foundations, and which have particularly sought to investigate them and get the facts, have never touched as many as 500 foundations. Many of those foundations have had no fault found against them.

Here is what can well be done: There are some clearly defined abuses against which Congress can enact provisions of law. There could be a requirement that a foundation must pay the money out for the purposes designated as charity. Then, if we require adequate information, and there is a small tax—not the one proposed by the House, but a small tax—arrived at in a different manner, so the Internal Revenue Service can audit the records of these organizations, after a few years we can intelligently legislate and prohibit practices that should be prohibited. We can provide for punishment where punishment is deserved. But if we act on the House version, or if we ourselves attempt to cover the same ground and reach the same purposes under a deadline of performance, we will have rendered an all-time injury to colleges, universities, research centers, camps for underprivileged children, and for all the wonderful activities that private philanthropy carries on.

I would also like to mention something that may come as a shock. Under the House bill, some foundations are taxed at the regular corporate rate. I will illustrate: If a corporation owns all of another corporation, and that corporation pays dividends to the parent corporation, there is an 85-percent dividend credit for the parent corporation with respect to taxes, so it pays on the 15 percent, or 7½ percent. The House version would require an income tax on foundations of 7½ percent.

Let me illustrate what the House has provided. Here is a foundation that owns a business. It is the sole owner. The business pays a tax, as does any other business, but it transmits its earnings to the foundation. The House proposes to tax the foundation's income at 7½ percent. That is exactly the same as if a private corporation received an 85 percent dividend credit and paid a tax on 15 percent of its earnings, at a rate of 50 percent.

The bill just should not be passed as it is written. We should limit our action to clearly defined abuses and provide the Treasury Department and the Internal Revenue Service with the tools and the funds—and we would do that with a special act—to ascertain what the problems are. Then we could act for the public good, without doing great damage, not only to some wonderful institutions, but to our way of life.

Mr. PEARSON. Mr. President, I want to ask the Senator just one more question. I do not know how many international foundations we have, but I am familiar with one or two foundations which are designed to promote Anglo-American friendship. I refer to American-British foundations. I think we have a number of international foundations. I am concerned about that, and I make inquiry as to what effect the proposed legislation would have on that type of foundation.

Mr. CURTIS. The junior Senator from Nebraska is not prepared at this moment to answer the question of the Senator. I would say that the Senate cannot go wrong in following a procedure of getting the facts and then legislating. The only way we can do that is in the manner I have outlined—to have a nominal tax—not an income tax, but a nominal tax—so the foundations pay the full cost of supervision and policing and auditing. After a little while we will know just where there are abuses and where there are practices, regardless of how well intentioned they are, that are not in the public interest.

Again I thank the distinguished Senator.

Mr. SCOTT subsequently said: Mr. President, the distinguished Senator from Nebraska (Mr. CURTIS) has made a very helpful and useful contribution to the discussion on the tax bill. I am very much in sympathy with the points he makes, particularly with reference to the harm which the bill in its present form, as now before the committee, would do to our museums, colleges, and universities, particularly to our private colleges, through the new regulation which forbids donations at appreciated value. I believe there is much reason for very careful thought and review with regard to the foundations and with regard to the taxation on hitherto exempt muncipals and educational securities.

Therefore, I commend the distinguished Senator, who is one of our recognized experts on tax policy.

AMERICAN TROOP STRENGTH IN VIETNAM

Mr. GRIFFIN. Mr. President, on yesterday the distinguished Senator from

Tennessee (Mr. GORE) took the floor and put into the RECORD some statistics concerning troop levels in Vietnam. He has regularly provided these figures, which he indicated he received from the Pentagon.

I would like to set the RECORD straight in the matter of our troop strength in Vietnam by including in the RECORD these facts:

First. In January 1969, when the Nixon administration took office, the authorized strength ceiling in Vietnam was 549,500.

Second, this authorized strength ceiling was reduced by 25,000 by the President's decision announced at Midway Island on June 8. The President said at that time that the matter of troop level strength would be kept under continuing review, and this is precisely what has happened.

Third. Subsequently, it was announced that the new authorized ceiling of 524,500 would be further reduced to an authorized strength of 484,000, to be attained in an orderly basis by December 15, 1969.

Fourth. Thus, action has been taken to reduce the authorized strength through December 15 by 65,500.

Fifth. The Department of Defense has acknowledged and emphasized repeatedly, and the Military Assistance Command, Vietnam has stated repeatedly, that there will be some fluctuation in strength totals from week to week as a result of the understandable pipeline requirements—that is, the movement and arrival of replacement troops in Vietnam who are there before those they are to replace leave Vietnam.

However, the essential point which the Amercan public should know is that whereas military manpower totals in Vietnam were on a steadily increasing basis through the beginning of this year, there has now been an emphatic turnaround and U.S. military strength is going down.

As has often been mentioned, three factors have been taken into consideration in this reduction of U.S. military manpower in Vietnam:

First. The progress in the Paris peace talks.

Second. The progress in Vietnamization.

Third. The level of enemy activity.

The troop reductions which have been made to date are based primarily on progress in Vietnamization and the turnover to the South Vietnamese of increased combat responsibility.

Members of the Senate should know, and indeed the entire American public should know, that whatever the fluctuations on strength totals for a particular week, the movement clearly is down.

Based on previous experience where actual strength has been below authorized strength, it would be reasonable to forecast that as of December 15, there will actually be fewer American military personnel in Vietnam than the authorized total of 484,000—which again I want to emphasize, is to be compared with the authorized total of 549,500 at the start of 1969.

ORDER OF BUSINESS

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

Mr. GRIFFIN. Mr. President, I make the point of order that a quorum is not present.

Mr. BYRD of West Virginia. Will the Senator withhold that?

The ACTING PRESIDENT pro tempore. Will the Senator withhold his point of order?

Mr. GRIFFIN. I withdraw it.

FEDERAL COMPENSATION FOR DISABILITY RESULTING FROM PULMONARY DISEASES CONTRACTED THROUGH EMPLOYMENT IN COAL MINES

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared for radio concerning Federal compensation for disability resulting from pulmonary diseases contracted through employment in the coal mines.

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

RADIO BROADCAST ON BLACK LUNG COMPENSATION

(By Senator BYRD, of West Virginia)

My fellow West Virginians, earlier this year I proposed legislation to provide disability benefits to disabled coal miners suffering from black lung, pneumoconiosis, and other pulmonary diseases contracted while working in the coal mines. My proposal would reach those miners who are not eligible for benefits under State statutes, and would be funded through Federal and State appropriations without any additional cost to the mine operators.

My foster father was a coal miner, and I recognize the need for a program to benefit disabled miners and the widows of such miners in those instances where State statutes, not being retroactive, leave such disabled miners and their families without any means of support. Many of these old and disabled miners have been forced to retire without anything other than unemployment compensation benefits, which cover only a period of a few months, after which the disabled miner is forced to go on relief or be supported by his children. I feel that the Federal Government and the governments of mining states have a responsibility to help these disabled miners, and I believe that this assistance should be given without additional cost to the coal industry. The mining industry is already heavily burdened with overhead expenses and I believe that we should do everything possible to avoid adding any expense to the industry which would only serve to drive up the price of coal and jeopardize its competitive position in the energy market.

During the debate in the Senate this past week on the Federal Coal Mine Health and Safety Act of 1969, Senator Randolph and I sponsored an amendment, in which other Senators joined, to provide such relief to disabled miners. The amendment was adopted by a vote of 91 to 0. I hope that the conferees from the House of Representatives will accept the amendment when the bill goes to conference.

The amendment provides that the Secretary of Health, Education, and Welfare shall enter into agreements with mining states to provide financial assistance to eligible persons on the basis of disability benefit standards developed by the Secretary. This will be an interim disability benefit program, with the Federal Government paying all benefits through June 30, 1971, and one-half of the benefits during the fiscal years ending June 30, 1972, and June 30, 1973, the states paying the other half. An eligible widow will be paid benefits where the death of her husband resulted from pneumoconiosis arising out of coal mine employment.

Our amendment also provides that the Secretary of HEW shall immediately undertake a study to determine the extent to which states provide disability benefits in cases of pneumoconiosis, the adequacy of such benefits, and the desirability of providing Federal or State or private assistance for such disability. The Secretary is to submit the results of this study, together with his legislative recommendations, to the Congress not later than October 1, 1970.

Our amendment authorizes the appropriation of moneys to carry out the necessary provisions.

The maximum benefits payable under this amendment are according to a formula which would provide: to the miner without dependents, $1,635 annually; to the miner with a single dependent, $2,496 annually; to the miner with two dependents, $2,904 annually; and to the miner with three or more dependents, $3,264 annually.

As I have already stated, the Secretary of Health, Education, and Welfare will develop the interim disability benefit standards which will govern the determination of persons eligible to receive emergency coal mine health disability benefits under this legislation, and he will also develop the methods to be used in disbursing such benefits to such persons.

This amendment is, in my judgment, a very necessary and humanitarian proposal. It constitutes a sincere effort to give some assistance to disabled miners who are in need of help and to widows of miners whose deaths have been caused by disabling pulmonary diseases contracted through employment in the coal mines. The legislation does not seek to substitute Federal assistance for State assistance, but it does seek to provide disability benefits where State statutes fail to do so.

As one who grew up in the coal mining communities of Southern West Virginia, I am glad the Senate has taken this action, and I am also glad that I have been privileged to play some part in the passage of the amendment.

ORDER OF BUSINESS

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

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

"DAY OF BREAD" AND "HARVEST FESTIVAL"

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 442, House Joint Resolution 851.

The ACTING PRESIDENT pro tempore. The joint resolution will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A joint resolution (H.J. Res. 851) to request the President of the United States to issue a proclamation calling for a "Day of Bread" and "Harvest Festival."

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

Mr. DOLE. Mr. President, on July 23, 1969, I introduced Senate Joint Resolution 139 with 21 other cosponsors requesting the President designate October 28, 1969, a "Day of Bread," and asking all Americans to join with other nations in the observance of these occasions with appropriate ceremonies and activities. A companion measure, House Joint Resolution 851, was introduced and passed the House of Representatives. The House-passed version was referred to the Senate Judiciary Committee which yesterday reported it out favorably.

Mr. President, I am gratified the Judiciary Committee acted expeditiously on this measure. Designation of a "Day of Bread" and a "Harvest Festival" week would be proper recognition of the essential role that wheat and the products of wheat play in our daily lives. Wheat provides more nourishment for people of the world than any other food. Increased consumption of enriched wheat products would alleviate much of the malnutrition that exists in our country and throughout the world.

The fact that our "Day of Bread" is being coordinated with other countries is evidence that the role of wheat in meeting man's needs transcends national boundaries. This is an important effort in the promotion of greater international cooperation and understanding.

I urge my colleagues to support this measure.

Mr. YOUNG of North Dakota. Mr. President, it is a pleasure for me to take this opportunity to express my wholehearted support for House Joint Resolution 851. This legislation, which is identical to a proposal introduced by the distinguished Senator from Kansas (Mr. DOLE), myself, and others, would provide for the designation of a "Day of Bread" and a "Harvest Festival."

This recognition of the importance of one of the most, if not the most basic, of our foods is most fitting. Such an observance will provide an important opportunity to call attention to the advances being made in human nutrition and to the importance of adequate nutrition in the development of the individual.

This proposal has been enthusiastically received by agricultural groups throughout the Nation and is supported by processors, producers, trade groups, and governmental units across the country.

The history of mankind is replete with references to the role of the "staff of life." A central concern of all great and powerful nations has always been an adequate supply of the basic foods for their people.

Too often, we are prone to take for granted the great blessings we have because of our agricultural abundance. I feel that the observance called for by this resolution will provide a most fitting occasion for all Americans to reflect on the benefits we enjoy.

No nation in the history of man has ever achieved greatness without a strong and stable agriculture. It is worth noting as well, that the decline of most of the great civilizations has been preceded or accompanied by a decline in their agricultural industries. Americans of every walk of life have reason to be thankful for the bounty of our farms. This has made possible a standard of living unrivaled in the history of mankind.

Passage of this resolution will open the way to a group of activities aimed at recognizing the great benefits we enjoy and, at the same time, seeking to bring these benefits to others.

Mr. President, I am happy that this legislation is being considered today and I cannot urge too strongly that it be enacted.

Mr. HRUSKA. Mr. President, the joint resolution pending before the Senate, Senate Joint Resolution 139, is of great significance to my home State of Nebraska, and to the entire Midwest. This resolution would establish an annual "Day of Bread" and an annual "Week of Harvest" festival. The event would express man's gratitude for the bounty of nature and the annual harvest of farm and field, and would recognize bread as the symbol of all foods.

Mr. President, agriculture is the mother of us all. Not so many generations ago, almost all of our forebears were farmers. Today, agriculture still supplies us with the great part of our most basic necessities—food and clothing.

Although diminishing as the Nation's largest work force, our farmers remain our most productive work force, and our most important consumers for the output of our implement industry, our electric industry, our chemical industry, and others. Although vital to the economic growth of our largest industries, our farmers are also vital to the well-being and happiness of our urban dwellers. The American farmer produces food and fiber for the American consumer at a cost to the consumer of about 17 percent of his income, which is the lowest in the world.

Of all the staples produced on the farm, bread has universal acceptance as one of the most basic. It has been said that man has been born with both a thirst for water and a taste for bread.

Not only has the bounty of our wheat farmers provided bread in ample quantities for our people, but through the food for peace program, our wheat farmers have helped feed hungry people in many nations of the world—most notably India and Pakistan.

For this reason, it is significant that the observance of a "Day of Bread" has already been, or is being, introduced in West Germany, the United Kingdom, Central and South America, the Orient, Sweden, Switzerland, and other European nations.

The full head of wheat, and the waving fields of grain in the Midwest have become symbols for many people of many tongues of the difference between starvation and survival. Forty-three countries with a third of the world's population—almost a billion people—use wheat as a staple, so this world recognition is well-deserved.

The resolution will mark October 28 as the annual celebration of a "Day of Bread" and that week will be known as "Harvest Festival Week." Mr. President, I ask my colleagues to give their consent to this joint resolution.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 91–446), explaining the purposes of the measure.

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

PURPOSE

The purpose of the joint resolution is to provide that Tuesday, October 28, 1969, be designated as a "Day of Bread" and the last week of October within which it falls be designated as a period of "Harvest Festival" and the President is requested to issue a proclamation calling for such observance.

STATEMENT

Since the beginning, men of all peoples and places have been compelled by some inner force to pause each autumn to express their gratitude for the annual bounty of Nature—in formal ceremony acknowledging the harvest of garden, field, farm, forests, pasture, lakes, streams, and seas.

Among reverent peoples, the custom of marking a period of harvest festival has become embedded in family, tribal or religious ritual, in local or regional custom, in national and international holidays. The celebration of a harvest festival—be it for grapes that make wine, grains for bread, or fish or meat for the table—symbolized joy in the security of plenty together with a solemn expression of gratitude. The fields lay clean and bare, ready for a new crop next spring; the graneries held food for the winter and seed for new planting; the larders were full; the long work done.

The symbolism whereby bread stands for appreciation of and pleasure in the harvest is not without reason. Wheat and the products of wheat, most commonly bread, are perhaps man's oldest crop and cultivated food. Wheat provides more nourishment for peoples of the world today than any other food; serving as a staple in 43 countries with 35.6 percent of the population—almost a billion people. The wheat crop is the world's largest. Bread assumes ever greater importance—economically, culturally, and as nourishment for millions—when one considers those loaves made with proportions of cereals other than wheat.

The word "bread" gains greater meaning every day in growing awareness around the world of governments increasingly concerned with the problems of feeding the hungry and malnourished, domestically and abroad.

In recognition of these values, the inheritance of the past merges with the custom of the present throughout the world. Since 1953, the people of West Germany have celebrated a Day of Bread as part of a harvest festival on a commonly accepted date in October. The observance has spread to Austria. In the United Kingdom, the English church annually joins in a similar occasion marked by a display of different breads and ecclesiastical mention of their significance.

The practice of marking a Day of Bread each year is being introduced in Central and South America and the Orient. Consideration of an international observance has also been indicated by the Bread Institute of Sweden and millers' associations of Switzerland and other European nations.

From such tradition, cooperation, and potential participation, the conclusion is ap-

parent that the harvest festival and Day of Bread transcend national consideration. They represent a device of unchallenged integrity contributing to a greater international communication and understanding among the nations of the world. The observance involves not only those concerned with agriculture, but those concerned with international relations and policy as well.

Accordingly the committee is of the opinion that this resolution has a meritorious purpose and accordingly recommends favorable consideration of House Joint Resolution 851, without amendment.

The joint resolution (H.J. Res. 851) was ordered to a third reading, read the third time, and passed.

ORDER OF BUSINESS

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session, for action on nominations.

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

DEPARTMENT OF JUSTICE

The assistant legislative clerk proceeded to read the nominations in the Department of Justice.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. DOLE subsequently said: Mr. President, the Senate has demonstrated sound judgment by confirming the nomination of Salina, Kans., Police Chief Jack Richardson to be U.S. Marshal for the District of Kansas.

Chief Richardson brings to his new position a thorough, practical understanding of law enforcement, having begun his career as a patrolman with the Salina Police Department and risen through the ranks to his present position.

He has demonstrated a creative and civic-minded approach to the police department's role in the community.

Under his leadership, the Salina police force has modernized its facilities and equipment and improved departmental organization through the employment of up-to-date management techniques. He has also instituted a broad community relations-crime detection program.

Jack Richardson is a modern peace officer in all respects. I am confident that he will serve as U.S. marshal with the same dedication and integrity which he has demonstrated throughout his career.

FEDERAL MARITIME COMMISSION

The assistant legislative clerk read the nomination of Helen D. Bentley, of Maryland, to be a Federal Maritime Commissioner.

Mr. MANSFIELD. Mr. President, I think this is an outstanding appointment, and that the new Federal Maritime Commissioner will bring to her new position a wealth of knowledge, a great deal of courage, and a lot of determination, and obstinacy. She is one of the foremost maritime writers in the Nation. She has had a keen personal interest in this field, not for years but for decades. The appointment is extremely well merited, and I hope there will be names of other women of like capability submitted for appointments of this nature, and better, if capable.

Mr. MATHIAS subsequently said: Mr. President, I associate myself with the remarks made by the distinguished majority leader with respect to President Nixon's nomination of Mrs. Bentley, of Maryland, to be Chairman of the Federal Maritime Commission.

I think the majority leader has been generous, but entirely accurate in his praise of Mrs. Bentley. She deserves every word of it. She has made the maritime section of the Baltimore Sun the most authoritative word on maritime affairs in the whole Nation. She will do great credit to the Nixon administration as she has to the State of Maryland by her remarkable achievement in mastering the complex and fascinating world of ships, cargoes, and oceans.

She will be the key figure in helping the President fulfill his pledge of a revived and renewed maritime industry for America. In this respect, she will be of enormous importance to the economy of America in the future as well as in the present.

I am delighted to report that I am heartily in favor of the appointment of Mrs. Bentley.

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

Mr. TYDINGS subsequently said: Mr. President, yesterday morning, when the chairman of the Subcommittee on the Merchant Marine, the Senator from Louisiana (Mr. LONG), had to leave the chair to preside over the Committee on Finance hearings on taxation and reform, it was my pleasure to preside during the confirmation hearings of a Marylander of whom we are all very proud. She is Mrs. Helen D. Bentley, who was nominated by the President to be the Chairman of the Federal Maritime Commission.

Mrs. Bentley was presented to the committee by the Honorable EDWARD A. GARMATZ, the distinguished Representative from Maryland who is chairman of the House Committee on the Merchant Marine and Fisheries, the Honorable GEORGE FALLON, another distinguished Representative from Maryland, who is the chairman of the House Committee on Public Works, the distinguished junior Senator from Maryland (Mr. MATHIAS), and by me. The Maryland delegation was unanimous in its approval of the President's nomination of Mrs. Bentley.

Mrs. Bentley is a very unusual lady. She was born in Nevada and reared in the Midwest. She has made a great name for herself as a premier writer on the maritime industry in the United States. Her column which is published in the Baltimore Sun, is read assiduously by all leaders of the maritime industry who wish to be kept current on the day-to-day problems and events of importance to the maritime industry.

As recently as this past month she was aboard the *Manhattan* on its historic voyage across the Northwest Passage from the east coast of the United States to Alaska.

I know of no one in or out of the maritime industry in the United States who is more knowledgeable on every facet of this vital phase of our national economy than Mrs. Bentley. Her appointment by the President does great credit to the administration as well as to herself.

Mr. President, as one of the two Senators privileged to represent the State of Maryland, I am delighted that today the Senate has unanimously confirmed the nomination of Mrs. Helen D. Bentley to be the Chairman of the Federal Maritime Commission.

CIVIL AERONAUTICS BOARD

The assistant legislative clerk read the nomination of Secor D. Browne, of Massachusetts, to be a member of the Civil Aeronautics Board.

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

NATIONAL TRANSPORTATION SAFETY BOARD

The assistant legislative clerk read the nomination of Isabel A. Burgess, of Arizona, to be a member of the National Transportation Safety Board.

Mr. MANSFIELD. Mr. President, this is another appointment of a lady of intelligence, capacity and capability. There is a pretty good score for the women today.

Mr. GOLDWATER. Mr. President, I am very happy to recommend for confirmation as a member of the National Transportation Safety Board, Mrs. Isabell Burgess from Arizona.

Mrs. Burgess is an outstanding woman, having served as a member of our State house of representatives for 6 years and a member of our State senate for the past 3 years. Incidentally, she has represented my legislative district and I have been one of her precinct committeemen.

She brings to this job outstanding qualities of leadership, and I am sure she will prove to be a hard-working, industrious member in this very important field.

As chairman of the State Highway Committee in the Arizona State Senate, she has been very active both regionally and nationally in highway and transportation matters and so she also brings a great deal of expertise and knowledge to this important job.

It is with a great deal of pride that I congratulate Mrs. Burgess on her nomination to this post and thank President Nixon for nominating her. I am sure that her confirmation here today will add a considerable deal to the stature and expertise already on the Board.

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

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

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

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

Mr. MANSFIELD. 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.

ANOTHER EXAMPLE OF MISPLACED PRIORITIES

Mr. PROXMIRE. Mr. President, today's New York Times carried a story about the closing down of a major study program of the National Heart Institute. The program has been in existence for the past 20 years, and has developed significant new data on high blood pressure, cigarette smoking, obesity, and cholesterol as risk factors which contribute to heart disease.

Now, because some $400,000 and about 20 staff positions have been cut from the Institute's budget, the program will have to shut down, with its work only partially completed. Officials at the Heart Institute confirm that all work on the study is to be phased out by June 30, 1970.

Mr. President, this makes absolutely no sense to me. How can this country in one breath announce that it lacks the resources to find ways to save hundreds of thousands of lives—heart disease is the Nation's No. 1 killer—and in another breath signal the go-ahead for a supersonic transport plane? We cannot find $400,000 for research on heart disease. But somehow we have no trouble raising $1,200,000,000—3,000 times as much—for the SST.

Mr. President, what has happened to our sense of priorities?

I ask unanimous consent that the New York Times article 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, Oct. 3, 1969]

BIG STUDY PROGRAM ON HEART ATTACKS TO CLOSE BECAUSE OF FUND SHORTAGE

(By Harold M. Schmeck, Jr.)

WASHINGTON, October 2.—A major study program of the National Heart Institute, which has collected invaluable data on heart attack tests for almost 20 years, is being closed down for lack of about $400,000 and about 20 staff positions.

The program, the Framingham heart disease epidemiology study in Framingham, Mass., is internationally known for its work. Stringent budget and manpower limits are forcing the institute to close it down, a spokesman confirmed today.

The decision was made recently in the course of budget reviews.

Since 1949 the program's scientists have been collecting data on about 5,000 men and women in their 30's, 40's and 50's who live in Framingham.

It is believed there is no comparable study population in the United States on which a like amount of data has been collected. There are other community studies of heart disease, but most of them concentrate on men in specific occupation groups.

The Framingham study has provided important data on such factors as high blood pressure, cigarette smoking, obesity and the concentration of cholesterol in the blood as indexes of the risk of serious heart disease.

DATA HELPFUL TO DOCTORS

Generally speaking, the risk of heart attack and death from coronary heart disease rises with factors and with combinations of them. This kind of information has helped doctors identify high-risk patients early so that corrective measures can be taken.

For example, if a middle-age patient smokes heavily, has high blood pressure and is seriously overweight, the doctor can tell what the odds of a heart attack are and how they may be improved.

Much of the data that could be expected on heart disease have been obtained by now. In recent years, data of the same sort have been accumulating on stroke and other circulatory problems because strokes tend to occur later in life than heart attacks.

The Framingham program is scheduled to be phased out by June 30, 1970.

After that, a small staff will be maintained to compile records on members of the study population who die or are hospitalized, but it will not be possible to collect the thorough data obtained in the past.

Since 1949 each person in the group of Framingham residents has been given a thorough physical examination every two years so that the scientists can observe the progression of health and disease as the individual grows older.

The study staff is working through the 11th round of these examinations now in the hope of completing them before the program has to end next year.

STROKE DATA CURB

The closing seems to prelude the possibility of collecting data on stroke comparable to those collected on heart disease since 1949.

Dr. Robert L. Ringler, deputy director of the Heart Institute said today that the study would be a source of valuable information on strokes, which kill an estimated total of 200,000 Americans every year.

"Our position is that we recognize this," he said in answer to a query, "but we also recognize the dollar and personnel constraints."

Dr. Ringler said it cost roughly $400,000 a year to operate the program, which has a staff of about 27. He said the Federal ceiling on manpower was at least as important in the institute's decision as the limit on funds.

The original plans for the study called for its completion in 20 years—about the time it is actually being closed, but scientific review panels have repeatedly recommended that it be continued beyond the 20-year point.

By phasing out the study, the institute will cut about 20 staff and support positions from its rolls.

The institute has a total staff of 569, Dr. Ringler said, and the 27 positions represented by the Framingham study group are of great importance.

The plan to close the program was not announced formally, but was noted briefly today in a newsletter called American Patient, published by the American Patients Association, a consumer group. Officials at the Heart Institute confirmed the report.

THE TROUBLED AMERICAN

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to have printed in the RECORD two very interesting, informative, and enlightened articles published in the Newsweek magazine of October 6, 1969.

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

THE TROUBLED AMERICAN: A SPECIAL REPORT ON THE WHITE MAJORITY

All through the skittish 1960s, America has been almost obsessed with its alienated minorities—the incendiary black militant and the welfare mother, the hedonistic hippie and the campus revolutionary. But now the pendulum of public attention is in the midst of one of those great swings that profoundly change the way the nation thinks about itself. Suddenly, the focus is on the citizen who outnumbers, outvotes and could, if he chose to, outgun the fringe rebel. After years of feeling himself a besieged minority, the man in the middle—representing America's vast white middle-class majority—is giving vent to his frustration, his disillusionment—and his anger.

"You better watch out," barks Eric Hoffer, San Francisco's bare-knuckle philosopher. "The common man is standing up and someday he's going to elect a policeman President of the United States."

How fed up is the little guy, the average white citizen who has been dubbed "the Middle American"? Is the country sliding inexorably toward an apocalyptic spasm—perhaps racial or class warfare or a turn to a grassroots dictator who would promise to restore domestic tranquillity by suppressing all dissent and unrest? To get a definitive reading on the mood of the American majority, NEWSWEEK commissioned The Gallup Organization to survey the white population with special attention to the middle-income group—the blue- and white-collar families who make up three-fifths of U.S. whites.

The survey, bolstered by reports from NEWSWEEK correspondents around the country suggests that the average American is more deeply troubled about his country's future than at any time since the Great Depression. The surface concerns are easy to catalogue: a futile war abroad and a malignant racial atmosphere at home, unnerving inflation and scarifying crime rates, the implacable hostility of much of the young. But the Middle American malaise cuts much deeper—right to those fundamental questions of the sanctity of work and the stability of the family, of whether a rewarding middle-class life is still possible in modern America.

America has always been the most middle-class of nations, the most generous and the most optimistic. But the pressures of the times have produced confused and contradictory impulses among the people Richard Nixon likes to call "the forgotten Americans." Himself a prototypical expression of the middle-class majority ("These are my people," he says. "We speak the same language"), the President presides over a nation nervously edging rightward in a desperate try to catch its balance after years of upheaval.

The reassertion of traditional values has festooned millions of automobile windows with American-flag decals, generated nation-

wide crusades to restore prayers to the schoolroom, to ban sex education, to curb pornography. The uneasy new mood has also spawned a coast-to-coast surge to law-and-order politicians—one of them a roly-poly Malaprop named Mario Procaccino, who may oust America's most outspokenly progressive mayor, John V. Lindsay, in New York City, once the Athens of American liberalism.

"YOU BETTER WATCH OUT—THE COMMON MAN IS STANDING UP"

For the Negro, the turn in the tide can have the most momentous consequences. More and more American institutions are opening their doors to Negroes—mostly as a result of the social momentum generated in the Kennedy-Johnson years. Still, with the Nixon Administration setting the tone, the country seems to be retreating from active concern with its black minority—as the nation did nearly a century ago with the demise of Reconstruction. Self-reliant or self-delusive, the trend to separatism among younger blacks only intensifies the withdrawal. More ominous, even well-educated liberal whites have begun once more to speak openly of genetic differences between the races, an intellectual vogue before the turn of the century. "One has to consider the evidence that the Negro may be inherently inferior to the white and incapable of competing with him," says an MIT professor. "Look at the ones who have succeeded—they're almost all light-colored."

Such talk is only the tip of the iceberg. All around the country—especially among blue-collar workers—whites feel increasingly free to voice their prejudices and their hostility. "Everybody wants a gun," reports a community worker in a Slavic neighborhood in Milwaukee. "They think they've heard from black power, wait till they hear from white power—the little slob, GI Joe, the guy who breaks his ass and makes this country go. Boy, he's getting sick and tired of all this mess. One day he'll get fed up and when he does, look out!" A sign of the times: near-violent demonstrations by white construction workers enraged by Negro job demands in Pittsburgh last month and again last week in Chicago (page 105).

Newsweek's survey yielded provocative evidence of a deep crisis of the spirit in Middle America—but so far, at least, no real indication of outright rebellion. The average white American feels relatively optimistic about his own personal prospects, but he fears that the country itself has changed for the worse, that it will deteriorate further in years to come, that his government is not coping with its problems, that America's troubles may be so overwhelming that the nation may not be able to solve them at all. He thinks the war in Vietnam is America's most pressing concern right now, feels it was probably a mistake to send American troops to fight it, but has no clear idea how to get them home with honor. He gives President Nixon a generally favorable rating (highest in the South) and is inclined to prolong the new President's honeymoon, but he shows no deep enthusiasm for Mr. Nixon.

He bitterly opposes much of what is happening in the country. The Middle American complains that standards of morality have declined and that the exploitation of sex and nudity in the mass media erodes morals further every passing day. He is relentlessly opposed to violent tactics by blacks and campus radicals and believes that the police should have more power to curb crime and unrest. Out of perversity or ignorance, he is convinced that Negroes actually have a better chance to get ahead in America than he does and that any troubles blacks suffer are probably their own fault. Yet he does not reject black aspirations altogether. And, despite his rejection of campus revolutionaries, the average white has a favorable attitude about young people and thinks much of their criticism of the society is warranted. Perhaps most encouraging of all, the middle-class American wants the government to start moving on the nation's domestic ills. Even though he grumbles that taxes are too high, he would favor spending money on such programs as training for the unemployed and housing for the ghetto poor.

The statistics flesh out only one dimension of the story, of course. For all the essential stability the numbers indicate, the people of Middle America talk with eloquent bitterness or forlorn resignation about the state of the nation. There is a strong strain of fear in their conversation. "The honest person doesn't stand a chance because of what the Supreme Court has done," a Boston cabbie complained to a NEWSWEEK correspondent. "People are scared and they've changed. Ten years ago if you were getting beaten up you could epect some help. Now people just walk by—they're afraid for their lives." In Inglewood, Calif., a dentist wonderingly recalls a confrontation with a booted band of motorcyclists: "When the light changed they didn't move off so I blew my horn. One of them yelled, 'What do you want, you old son of a bitch?" I was so scared and nervous I didn't even get their license numbers."

There is a pervasive feeling of being cheated by the affluent society. "Why, I can't even afford a color TV set!" explodes a Los Angeles plumber. And there is the conviction that the government has its priorities wrong. "They spend $50 million to send a ——— monkey around the moon and there are people starving at home," growls a Milwaukee garage man.

But most of all there is a sense of loss and neglect. No hero to millions of Americans in life, John F. Kennedy has been elevated in death to an almost magical place in the hearts of his countrymen. "Kennedy put the spirit back in people," says a factory hand in Tyler, Texas. "He would have done some good if they would of gave him some time and hadn't killed him." And, feeling himself the spokesman of the oppressed majority, a hard-hatted San Francisco construction worker gripes: "The niggers are all organized. So are the Mexicans, even the Indians. But who the hell speaks for me?" Adds Paul Deac, head of the National Confederation of American Ethnic Groups: "We spend millions and the Negroes get everything and we get nothing."

Resentment over compensatory programs for blacks feeds the Middle American's sense of himself as the ultimate victim. The experts typically disagree over whether the middle-class white is as victimized by the society as he feels himself to be. Some contend that the white reaction is a rational response to the squeeze of taxes and inflation (despite big wage increases the average factory worker's real income has declined $1.09 per week in the past year) and the authentic danger of rising crime. Others point out that Middle Americans tend to ignore the large government subsidies they get in such benefits as tax write-offs for mortgage interest payments; still others say unrealistic expectations are bred by the myth of affluence. "Middle-class people," says University of Michigan philosopher Abraham Kaplan, "look around and say, 'We've entered paradise and it looks like the place we just left. And if this is paradise why am I so miserable?'" Then, says Kaplan, they look for scapegoats among those who are attacking middle-class values.

"WE'VE ENTERED PARADISE—AND IT LOOKS LIKE THE PLACE WE JUST LEFT"

Indeed, the most deeply rooted source of the white American malaise is the plain fact that middle-class values are under more obdurate attack today than ever before. "The values that we held so dear are being shot to hell," says George Culberson of the government's Community Relations Service. "Everything is being attacked—what you believed in, what you learned in school, in church, from your parents. So the middle class is sort of losing heart. They had their eye on where they were going and suddenly it's all shifting sands."

The sands are shifting beneath all the familiar totems—the work ethic, premarital chastity, the notion of postponing gratification, and filial gratitude for parental sacrifice. Middle-class folk, says philosopher Kaplan, are infuriated by college demonstrations because they "upset their image of what college is—a place where there are trees, where the kids drink cocoa, eat marshmallows, read Shakespeare and once in the spring the boys can look at the girls' underthings." Says radical writer Paul Jacobs, once a union organizer: "The notion of work that they had been brought up to deify is being undermined by the young people. The hippies, Woodstock, all those broads walking around with their boobs bouncing. Not only do young people do it, but the media seem to approve it and the upper class does these things, too." Television is the most subversive enemy of the old ways. "Through television," says Anthony Downs, a consultant to LBJ's riot commission, "we are encouraging, on the consumption side, things which are entirely inconsistent with the disciplines necessary for our production side. Look at what television advertising encourages: immediate gratification, do it now, buy it now, pay later, leisure time, hedonism."

Beyond that, TV enhances the Middle American's feeling that he is enveloped in a chaotic world he never made and cannot control. "You have violence and sex and drugs on television," says Chicago psychiatrist Dr. Jarl Dyrud, whose patients are mostly drawn from the middle class. "You have the news about the Vietnam war, the protests of the kids on campus, the protests of the blacks. It's hard to escape any more." "Every time you turn around, there's a crisis of some sort," says community organizer Saul Alinsky, a brassy anti-Establishmentarian now concentrating his efforts on white communities. "You have the black crisis, the urban crisis—it's just one ——— crisis after another. It's just too much for the average middle-class Joe to take. There's always something else to worry about. But the worst thing about it for the middle class is that they feel powerless to do anything about anything."

The more precarious a family's hold on economic security, the more menaced it feels by the pressures of black militancy and inflation. The government estimates that it costs at least $10,000 a year for a family of four to maintain a moderate standard of living—yet 26.3 million white families fall below that level. And, despite nine consecutive years of prosperity, many a breadwinner can't forget the specter of the wolf in the carport. "Blue collar and white collar alike still live too near 'layoffs,' 'reductions,' 'strikes,' 'plant relocations' to be personally secure," says former HUD Under Secretary Robert Wood, now head of the Harvard-MIT Joint Center for Urban Studies.

With little equity but his mortgaged home and his union card, the white worker is especially resistant to integration efforts that appear to threaten his small stake in the world. "I believe that an apprenticeship in my union is no more a public trust to be shared by all, than a millionaire's money is a public trust," one worker wrote to The New York Times. "Why should the government . . . have any more right to decide how I dispose of my heritage than it does how the corner grocer disposes of his?" "Second-generation people inherit from their parents a reverence for their own home," says Rep. Roman Pucinski, a Chicago Democrat who takes the pulse of his district each Saturday. "The Polish have a word, *grunt*—a base, a foundation. They know integration has to

come, but their big concern is property values."

The hunt for scapegoats goes beyond the blacks to their allies: the liberal white elite. Many lower-middle-class whites feel that an unholy alliance has grown up between the liberal Establishment and Negro militants to reshape American life at their expense. School busing to achieve integration, for example, is probably the least popular social nostrum of the 1960s. And the Kerner commission's well-publicized conclusion that "white racism" is the basic cause of black riots touched off howls of indignation. "They resent their leaders' hypocrisy," says Paul Jacobs, "—especially the rich liberal politicians who send their own kids to private school."

There has always been a streak of anti-intellectualism in Middle America. It bubbles to the surface when the country feels itself betrayed—as it did in the days before Joe McCarthy's rampages. All through the late 1960s, liberals and radicals have been predicting a revival of know-nothingism. So far, it has failed to materialize to any great degree—although George Wallace did his best last year with his diatribes against "pointy heads" and such enemies of the common man. Today, a growing sense of betrayal undoubtedly is percolating in many middle-class hearts. The anti-middle-class bias of college radicals contributes to the problem. "Many of the young people see middle-class people as nothing but a bunch of big-bosomed, beer-drinking, drum-and-bugle-corps types," says Rep. Allard Lowenstein, who tries to keep up his contacts both on the campus and in his middle-class Long Island district.

S. I. Hayakawa, who became something of a Middle American folk hero by suppressing demonstrations at San Francisco State College last year, thinks the educated elite is dangerously out of touch with the middle-class masses. "You and I," he tells a visitor, "can live in the suburbs and demand integration in the schools downtown. We can make the moral demands and someone else has to live with them. We can say the war in Vietnam is a dirty, immoral act while our children are in college, exempt from the draft. The working people's children are in Vietnam and they're praying for victory. They want to believe America is right."

More bluntly, Eric Hoffer rages: "We are told we have to feel guilty. We've been poor all our lives and now we're being preached to by every son of a bitch who comes along. The ethnics are discovering that you can't trust those Mayflower boys."

Hoffer's observation is symptomatic of the new mood of ethnic chauvinism taking hold in Middle America. "The rise of Negro militancy," says Congressman Pucinski, "has brought a revival of ethnic orientation in all the other groups." The hard truth is that the celebrated American melting pot has never worked quite so well in life as in nostalgic myth. As Nathan Glazer and Daniel P. Moynihan pointed out six years ago in "Beyond the Melting Pot," Americans tend to maintain their sense of ethnic identity far more tenaciously than was once supposed. One result of the new white nationalism is a greater willingness to express anti-black feelings—intensified by Negro job competition. "They've always been anti-Negro," says one old union hand. "But they've never been pressured to say it publicly before."

THE MELTING POT NEVER WORKED SO WELL IN LIFE AS IN MYTH

In the current atmosphere, liberal groups are devoting new attention to the hyphenated American. The American Jewish Committee has conducted substantial research on the subject, and Americans for Democratic Action is making a major thrust to try to keep ethnic voters in the Democratic coalition. "Any politician who ignores 40 million ethnics is a fool," says Leon Shull, executive director of the ADA. Paul Deac, of the Washington-based ethnic lobby, is trying to pry anti-poverty money and other considerations for his people from the Administration. "Right now, the ethnic vote is up for grabs," insists Deac. "Our people are as gun-shy of the Republicans as of the liberal Democrats. If the Republicans grab the opportunity they can forge an alliance with ethnics and remain in power for a long time."

Except for the Italians, few of the nation's later immigrant groups have had much use for the Republican Party. And no one can say for certain how successful Richard Nixon will be if he tries to entice ethnic voters into his new centrist coalition. The President's strong anti-Communist stand over the years—and his recent trip to Rumania—are likely to enhance Mr. Nixon's appeal. Just such a thrust is at the heart of a GOP battle plan devised by Kevin P. Phillips, a 28-year-old Justice Department aide, in a much-discussed book called "The Emerging Republican Majority." As Phillips envisages it, the Republicans could cement their hold by building an alliance based on the South and the traditional heartland, and whites disgruntled by Democratic "social engineering." The President professed last week not to have read the book. And, basically, Mr. Nixon will stand or fall on his over-all ability to convince America that he can end the war, reorder priorities and bring greater stability to the U.S.

On that score, the President seems to have a number of advantages. "Nixon is tremendously reassuring to middle-class Americans," says sociologist Robert Nisbet of the University of California at Riverside. "If you started out to design a human being who would be an answer for this kind of person in this kind of time, you couldn't design a better one than Nixon. His kind of corny, square, ketchup-on-cottage-cheese image is very reassuring to these people." What's more, says Brandeis University historian John Roche, who was once LBJ's intellectual-in-residence, government—Nixon style—has reduced the level of disorder in America. "The edge is already off," says Roche, "because the election of Nixon put into office people who are not going to be responsible for demonstrations. There will be no great riots—you don't riot against your enemies but against your friends, because you know your friends don't shoot. [Attorney General John] Mitchell means business."

Even if he should end the war and further cool the ghettos and campuses, the President faces the more fundamental problem of giving the white majority a greater sense of participation and reward in the life of the society. And he must somehow accomplish this while maintaining the nation's commitments to its non-white minorities, especially the Negroes. "The ethnic groups, the Irish and the Jews don't want to penalize the Negro but they feel strongly that the rules they came up with should apply," says Roche. "To change rules now is basically unfair."

"WE NEED MORE PROGRAMS FOR MR. FORGOTTEN AMERICAN"

"We need more programs for Mr. Forgotten American," says a Washington liberal. The fact is, however, that very little thought has gone into the problems of the white middle class. Foundations and think tanks have primarily been concerned with the plight of the minorities. A turnabout of sorts is under way. The Harvard-MIT Joint Center for Urban Studies has made Middle America its target subject for the new year, and the Ford Foundation plans to focus some of its attention on the middle class. Concrete ideas are sparse. Mitchell Sviridoff, Ford's vice president for national affairs, speaks rather vaguely of expanding medicaid programs and of retraining the middle-aged white worker trapped in a dead-end assembly-line job.

But the underlying necessity is to find the national resources to help both the majority white and his non-white counterpart. "We've stimulated the minorities to believe that something is going to happen for them. If we slow down, as we have, their frustrations will be so seriously exacerbated that they will be pushed to more militant behavior," argues Sviridoff. "Then the majority will be pushed to more repressive behavior and we will have an absolutely impossible situation on our hands."

Some think that the problem goes far beyond the reach of even the most imaginative government. "When the hippies go to the Woodstock," says Paul Jacobs," they are building a new community of their own. The worker's community is disintegrating. He doesn't know where to find a new one. So he keeps harking back to the old days and the old values. But it is not possible to go back. And there is no new community to replace the old."

Can Middle America somehow create a new pluralist community to satisfy its new needs? On the answer to that question rest much of the destiny of the nation in the years ahead.

HOW IT FEELS TO BE CAUGHT IN THE MIDDLE

In this harvest season of 1969, that is the voice of Middle America—the white middle class, the backbone of the country, the people who have taken to thinking of themselves as "forgotten."

Newsweek's special poll of white Americans, conducted by The Gallup Organization in an unusually wide sampling of public opinion, found the white majority profoundly troubled—but not, as some have suggested, on the bring of violent rebellion. There is a heavy undertone of resentment—a dark suspicion that the rules are being changed in the middle of the game, that the dice are loaded in somebody else's favor. But at bottom, the mood adds up to a nagging sense that life is going sour—that, whatever is wrong, the whole society somehow has lost its way.

This new pessimism has serious implications for the nation, because Middle America, in a real sense, *is* America. For the Newsweek survey, Gallup interviewers talked to 2,165 adults comprising a cross-section of the entire white population (which, in turn, is almost 90 per cent of the total population). The sample included a middle-class group large enough for detailed analysis: 1,321 Americans with household incomes ranging from $5,000 to $15,000, representing 61 per cent of the white population.

By themselves, the Middle Americans are a majority of the nation—and the strength of their opinions outweighs their numbers. In the Newsweek Poll, the attitudes of the middle-income group showed hardly any significant variation from those of the total white group on any question.

As the Middle American sees it, his country is beset by a sea of troubles. The war in Vietnam oppresses the nation—nearly two out of three of those polled cite it as one of America's top problems. "I don't like a war where there couldn't be a winner," complains an electrician in Mineral Wells, Texas. There is the endless, abrasive racial crisis, mentioned by 41 per cent. "We could have a civil war," warns a county employee in Stanwood, Wash. There are the nagging pocketbook issues: inflation erodes everybody's paycheck, and 78 per cent think Federal taxes are just plain too high. There is crime and deliquency and a gnawing feeling of powerlessness. The government, says a Chicago truck driver, "doesn't know I exist—or care." And there is a sense that solid old values are crumbling. "Seems like we have lost respect for ourselves," says a housewife in Bellefontaine Neighbors, Mo.

Save for the war, the nation's brooding is almost exclusively inward. Only 2 per cent of the sampling thought to mention nuclear war as a problem facing the country; fewer

than 1 per cent listed Russia or Red China. But the internal discontents are as varied as they are pervasive. "This sex education shouldn't be in the small grades, like I heard they're going to have," said the wife of a laborer in South Bend, Ind.

For all that, most middle-class Americans expect to prosper in coming years. Nearly two-thirds of the sampling feel that five years from now they will be at least as well off as they are today—or better off. But they are afraid they will enjoy it less. Fully 46 per cent agree that the nation has changed for the worse in the past ten years. Opinion splits on whether the United States can solve its problems at all. Fifty-nine per cent believe that the danger of racial conflict is on the rise—and 58 per cent feel that the United States, on the whole, is likely to change for the worse in the years ahead.

"I DON'T LIKE A WAR WHERE THERE COULDN'T BE A WINNER"

Middle America itself is hardly monolithic; its over-all statistical unity conceals many shadings of opinions. The biggest differences match educational levels. Thus, people who went to college tend to have better jobs, earn more money and be more tolerant on racial issues and less disturbed by youth protests. Those whose education ended in grade school tend to hold blue-collar jobs—and to be financially insecure and angry over the accelerating pace of social change. The educational split was neatly shown by a question asking whether the United States is becoming two materialistic. Some 54 per cent of those who had gone to college agreed—but only 36 per cent of the grade-school group would go along.

Other significant divisions of opinion stem from age, sex and region of the country. Women, for instance, tend to be less hawkish than men on Vietnam. Westerners worry most about drugs and air pollution. And surprisingly, adults under 30 tend to disapprove of modern youth more vehemently than do people aged 30 to 55.

Despite these internal differences, however, Middle America is united in its discontent—and, increasingly, sees itself as an oppressed majority. "I think the middle class is getting the short end of the stick on everything," says a computer technician from Brooklyn. "The welfare people get out of taxes, and so do the rich," says a construction foreman in Baltimore. "The middle-class family is just forgotten."

The worst frustration is the war in Vietnam. It is, by now, a war that has come very close to home; 55 per cent of the Newsweek Middle American sampling said they were personally acquainted with someone who had been killed or wounded in Vietnam. Yet people are frankly and bitterly confused as to the conduct of the war, the reasons for American involvement and what should be done next.

There is general agreement on only one thing: that the war is not going well. Only 8 per cent believe that the U.S. and South Vietnam are winning. One in five said the war was being lost, and two-thirds of the sampling opted for the euphemistic "holding our own." Nearly three in five said the U.S. was justified in intervening in the war—but 70 per cent argued that, justified or not, the nation should have kept its sons at home.

At the extremes, hawks and doves were almost evenly divided. Approximately one in five said that the U.S. had "no right or reason" to fight in Vietnam; one in four said it was "our right and duty." In volunteered opinions, however, the stronger expressions were hawkish, with 21 per cent urging a more aggressive, fight-to-win policy. "I can't figure it out" complained a retired sand-and-gravel dealer in Fort Loramie, Ohio. "If you can't go into North Vietnam, what's the use of fighting? If you hit me and go into the next room and I can't follow, what the hell's the use?" "Don't bomb here, don't bomb there—it's a cuddly war," snapped a nurse who lives in East Keansburg, N.J. "They should blast them all and come home."

In contrast, the dovish opinions sounded oddly uncertain; opponents of the war cited passionless arguments on the theme that the U.S. should not have been involved in the first place, or that it was time for the war to end. "I can't remember when we started fighting there," said 22-year-old William H. Neumann Jr., manager of a restaurant in Sarasota, Fla., "but I do think we should have been out a long time ago." One of the most curious findings of the survey was the almost total absence of moral arguments against the war. Despite the clamor of the most vocal doves over the past four years, only a handful of the sampling argued that the war was simply wrong. Instead, opinions both pro and con were thoroughly pragmatic; as a New York City housewife phrased her case, "There's nothing to be gained."

On issues closer to home, the Middle American is considerably more emotional. He is in a financial vise, with inflation and rising taxes threatening what precarious security he has—and to make this threat worse, black Americans are demanding an ever-greater economic share.

Resentment of Negroes is at once the most obvious and the most complex note in the new mood of Middle America. It is not outright racism, in the sense that Negroes are hated because they are black. As recently as 1966, a Newsweek survey found white Americans agreeing, by more than 2 to 1, that Negroes were discriminated against and deserved better. Fully 70 per cent of whites then said that, like it or not, they would probably be living in integrated housing in five years' time—and there was a similarly grudging acceptance of black gains in jobs and education. But with this acceptance went a strong feeling among whites that Negroes were trying to win too much, too fast—and this attitude is as strong as ever.

Recent progress for Negroes—particularly in jobs, education and housing—has come partly at the expense of the middle class. What's worse, some black demands and white-liberal rhetoric have focused on the concept of reparations for years in discrimination—an idea that Middle Americans see simply as a new form of reverse discrimination. "I see the Negro stepping on my rights," said a finance manager in Los Angeles. "He is asking for more than is justifiably his."

Whatever the facts of the case, a substantial minority of white America professes to believe that the black man already has the advantage. More than four out of ten in the sampling said Negroes actually have a better chance than whites to get a good job or a good education for their children, and nearly two-thirds said Negroes got preference in unemployment benefits from the government. "The Negroes think they are having a disadvantage, which is not true," said Mrs. John Tiedje, in Clarksville, N.Y. Ludicrous as the idea sounds to Negroes, many Middle Americans are convinced that police and the courts give blacks especially lenient treatment. "It looks," said an oil-refinery worker in Galena Park, Texas, "like whites don't have the rights that Negoes do."

MANY THINK THE BLACKS LIVE BY THEIR OWN SET OF RULES

Blacks are also perceived by many as morally different from whites: they don't seem to live by the rules of the basically Puritan white middle class. "They are given jobs by good companies and they don't work," says a New York policeman. "The backers of the Negro are making them think that we owe them jobs, and we owe them housing, food, money, for nothing." This attitude is astonishingly widespread; 73 per cent of the NEWSWEEK sampling agreed that blacks "could have done something" about slum conditions, and 55 per cent thought Negroes were similarly to blame for their unemployment rate. What's more, nearly four out of five declared that half or more of the nation's welfare recipients—who tend to be thought of mainly as Negroes—could earn their own way if they tried.

With such basic attitudes, it is hardly surprising that Middle America shows little enthusiasm for what it thinks of as sacrifice to advance the black cause. In education, for instance, only 2 per cent of those polled favored busing to improve racial balance in the schools. In fact, only one out of four favored further integration at all. Given their choice, nearly two-thirds would either improve Negro schools or let blacks run their own schools.

Even this attitude is not unalloyed bigotry. Unfashionable as it is to credit racial rationalization at face value, much white middle-class opposition to integration reflects a genuine fear that the quality of education may deteriorate. And for all his resentment at black activism, the Middle American still has a basic sympathy for the Negro's aspirations. Significantly, nearly seven out of ten agreed that at least some of the demands presented by Negro leaders were justified. Equally to the point, the same proportion also agreed that "it will take some time" to meet the demands.

White America's prejudice is most obvious when it comes to the crime problem—which large numbers automatically associate with Negroes. "We are really afraid," said a North Carolina woman, "with the colored right in our backyard." Asked to define "law and order," an investment adviser in King of Prussia, Pa., said, "Get the niggers. Nothing else."

Crime, the survey showed, is considered one of the nation's most serious problems—but oddly enough, it is generally thought to be worse in somebody else's backyard. Only 10 per cent of the sampling volunteered crime in their own listing of the nation's problems, and fewer than half considered it a serious issue in their own communities. Yet nearly two-thirds checked it off as one of the worst problems facing the cities—and suburbanites were more likely to think so than city dwellers themselves.

Despite the furor over crime in recent months, only three in ten said they had changed their habits to protect themselves; those few were mainly locking doors and windows formerly left unlatched. And despite widespread reports of an arms buildup, only 4 per cent volunteered that they kept guns to protect themselves, and fewer than 1 per cent said they had installed burglar alarms. Others mentioned teargas guns and judo lessons. "We've started feeding an ugly dog," reported David Ingraham, owner of a service station in Clarksville, N.Y.

DESPITE EVERYTHING, A VOTE FOR YOUTH

Nearly four out of five are satisfied with their local police, reporting that the officers do a good job of preventing local crime. Nonetheless, 63 per cent of the sampling said police didn't have enough power in dealing with suspected criminals, and more than two-thirds agreed that judges should have the right to deny pretrial bail to suspects considered likely to commit a crime while on the loose—a crime-fighting step of dubious constitutionality.

A significant minority worried that more police power could bring on a police state—"Hitler had law and order," observed Mrs. Marjorie Runner, a San Francisco housewife. But the majority of those polled were convinced that thugs were getting too many breaks. To most people, the possibility of added police powers offers no conceivable threat to anyone but wrongdoers. "Behave yourself and there's no problem," declared a construction worker in Wichita, Kans. "I think of law and order as what I do."

If crime is a threat to the Middle American's safety, the much-publicized youth re-

bellion is an equally real challenge to his self-esteem. Whether picketing on campus or parading barefoot in hippie regalia, the younger generation seems to be telling him that his way of life is corrupt, his goals worthless and his treasured institutions doomed. Logically enough, a good many middle-class citizens tend to resent the message. "It's horrible. They are going to the dogs," said Mrs. Cecil L. Davis of Wichita Falls, Texas. The overwhelming majority in the poll made it clear that they had little sympathy for the outright rebels among the younger generation; 84 per cent said campus demonstrators had been treated too leniently, and nearly three out of five said the demonstrators had little or no justification for their actions.

Nonetheless, most Middle Americans make a clear distinction between youthful rebels and the greater number of what they think of as normal youngsters. "These college rioters should be put in concentration camps," said Herbert R. Parsons Jr., a furniture store manager of Peru, Ind. "But by and large, the majority are fine young people." Some 59 per cent of those polled agreed that their impression of most young people was favorable.

And in his heart, the Middle American isn't all that sure that even the rebels are altogether wrong. Some 54 per cent of those polled, in fact, agreed that young people were not unduly critical of their country, and that criticism was actually needed. But this sentiment reflects not so much tolerance of the young as a deep-seated fear that the whole system is somehow failing, that the quality of life is declining and that the middle-class citizen's own place is no longer secure.

This painful awareness that things just aren't what they used to be is at the bottom of the nation's new discontent. "Conditions are changing for the worse," mused a farmer from Bald Knob, Ark. "Conditions are unstable, and getting worse." Solid old values seem to be deteriorating; seven-tenths of the sampling agreed that people now were less religious than they were five years ago, and 86 per cent said sexual permissiveness was undermining the nation's morals. "I really worry sometimes about this country, if we don't change our ways and return to religion," said another farmer in Timmonsville, S.C.

And this erosion of values extends to the interpersonal links that foster security and stability in any society. Only 39 per cent of those polled feel most people "really care" what happens to strangers. About the same percentage said it wasn't likely that anyone would help them if they were robbed on the street in their own neighborhoods. More than half said they put only "some" trust in the news media and the Federal government to tell the truth about what was going on; some 30 per cent said they had little trust or none at all. But however skeptical, Middle Americans feel increasingly powerless to shape their own destiny. In the face of the complexity of the modern world, a bare half of the sampling thought they should have any say in their country's defense and foreign policy. "We are not well-informed enough to give solutions," said a Chicago accountant.

What the middle class does want is stability—or at least the illusion of stability. If change is inevitable, in race relations, for example, it should come without upheaval. "I think Negroes have justified reasons," said the wife of a utility serviceman in St. Paul, Minn., "but they are going about it in the wrong way with the wrong leaders."

"I REALLY WORRY ABOUT THIS COUNTRY"

In such a national dilemma, it would be natural for people to turn on their leaders—and there is, to be sure, no lack of grumbling in Middle America about the government. Only 24 per cent of the sampling said the government was doing a "good" or "excellent" job of dealing with the nation's problems; two-thirds said "fair" or "poor."

The grumbling is loudest, of course, over the pocketbook issues of taxes and inflation. Despite the vaunted prosperity of the nation during the 1960s, one out of every four middle-class American said the rising cost of living had forced a cutback on purchases; another 44 per cent said they were just managing to stay even. Nearly eight out of ten said Federal taxes were too steep, and 59 per cent thought local taxes excessive. "We had to sell our home because our taxes were too high," said G. W. Loenstein, a retired grocer in Oakland, Calif.

For the most part, however, the middle class has a weary sort of tolerance for their elected representatives. "It's not really the government's fault," said Thomas Silevitch, a Christmas-tree bulk maker in Dorchester, Mass. "The government can't solve everyone's problems." Asked to rate President Nixon's performance in office, nearly half of the sampling—49 per cent—gave him favorable marks, with 31 percent less enthusiastic and only 15 per cent downright critical. There was no great yearning for another leader; only 12 per cent thought the country would be better off with George Wallace at the helm, and a bare 10 per cent thought Hubert Humphrey would do better. But there was little enthusiasm for Mr. Nixon. In fact, people had a tendency to praise him with faint damns, explaining their ratings by saying that he had done all right so far, or seemed to be working for peace. "He is doing the best he can with the ability he has, which I don't think is too much," said a housewife in Jacksonville, Fla.

MALAISE GOES AGAINST THE MIDDLE AMERICAN GRAIN

Whatever its resentments and frustrations, then, Middle America is not about to take to the barricades—or even to slump into mulish apathy. Indeed, the most encouraging finding of the NEWSWEEK Poll is the extent to which people are willing to seek fresh solutions; a clear plurality of 48 per cent agreed that "we need to experiment with new ways of dealing with the nation's problems." Even the celebrated tax revolt turns out, on close scrutiny, to be a paper dragon. The chief complaint is not so much the level of taxation but rather that the government has its priorities wrong. "Nobody has the right to take a hard-working man's money and waste it, but they all do," said Mrs. Margaret Donovan, a housewife in Albany, N.Y. "Our money just isn't used right."

By a clear margin, the middle class is more concerned with solving problems than with governmental economies. Asked how the government should use any unexpected surplus in revenues, fully 48 per cent said the money should go to improve conditions in the country; only one in three favored a tax cut, and 16 per cent wanted to reduce the national debt. In specific terms, the sampling favored added spending for such programs as job training, pollution control, medicare, slum housing and crime control. But a good many thought money was being wasted in foreign aid and defense spending—and even in the afterglow of the moon landing, fully 56 per cent thought the government should spend less on space.

In the end, this willingness to tackle the nation's problems tempers Middle America's pessimism. "Change is not bad," said John King, a Mississippi cattle raiser. "But there may be a period of time when things worsen before we settle on a course again." In the long run, said the owner of a printing shop in Cleveland, "I have great confidence in our ability to find the right answers. We're great opportunists and improvisers." A touch of malaise may be fashionable, and all very well for a while, but it goes against the Middle American grain. If something has gone wrong, it will simply have to be fixed; after all, says a San Diego aircraft inspector, "We won't just sit around and let the country go down the drain." And in this troubled harvest season, the hope is that his is the real voice of the country.

LOOKING AHEAD: PESSIMISM

[In percent]

	Agree	Disagree	No change
The United States has changed for the worse over the past decade	46	36	13
The danger of racial violence is increasing	59	26	12
The United States is likely to change for the worse over the next decade	58	19	14
The United States is less able to solve its problems than it was 5 years ago	40	40	16

Note. Undecided omitted.

WANTED: LAW AND ORDER

[In percent]

	Yes	No
Local police do a good job of preventing crime	78	16
Police should have more power	63	35
Suspects who might commit another crime before they come to trial should be held without bail	68	23
Black militants have been treated too leniently	85	8
College demonstrators have been treated too leniently	84	11

Note. Undecided omitted.

THE BLACKS: TOO MUCH, TOO SOON?

[In percent]

	Better	Worse	Same
Do Negroes today have a better chance or worse chance than people like yourself—			
To get well-paying jobs?	44	21	31
To get a good education for their children?	41	16	41
To get good housing at a reasonable cost?	35	30	27
To get financial help from the Government when they're out of work?	65	4	22

Note. Undecided omitted.

BLACK SCHOOLS—OR MIXED? WHAT SHOULD BE DONE ABOUT NEGRO DEMANDS FOR BETTER EDUCATION

[Undecided omitted]

	Percent
Improve schools where Negro children go	40
Move toward integration	35
Let Negroes run their own schools	24
Integrate schools by busing children	2
Ignore demands because they are not justified	3

THE SITUATION AT THE DISTRICT OF COLUMBIA GENERAL HOSPITAL

Mr. MATHIAS. Mr. President, I am deeply troubled by the crisis at the District of Columbia General Hospital.

Wednesday, a member of my staff visited the hospital. His description heightens my indignation.

At 3 p.m. yesterday afternoon, the emergency room was filled with more than 60 persons. At the same time 3 days ago, a hundred sick and injured sat in that room. Some of them had been there since 8 in the morning.

One day last week a doctor found himself alone in the emergency room. Nine people, choking and gagging from asthma attacks, were led in. The doctor

had to treat them himself, one at a time. There are 12 examination booths in the emergency ward, and it is not unusual to find one doctor trying to treat patients in all of them.

On Wednesday, a child of 8 was seen carrying his own X-rays to the pediatrics ward for diagnosis. Yesterday, halls were strewn with beds holding sick, sleeping patients—at least, trying to sleep.

The District of Columbia General is one of two hospitals in Washington that treats the indigent not covered by medicaid. There are 120,000 people in the District with medicaid, and at least as many without it.

The doctors at District of Columbia General ask themselves two questions every time a patient comes before them. They ask, "Does he need hospitalization?" and if he does, they ask, "Is there room in the hospital?" The answer to the second question must sometimes be, "No." The doctors cannot estimate how many patients with colds and incipient illnesses have been sent home. They have done the best they can for as many as they can.

Mayor Washington visited the District of Columbia General yesterday. The tour is a response to a recommendation by a subcommittee of the Mayor's task force on public health, which recommended that $6 million in emergency funds be requested from Congress immediately. The Mayor said he will decide, on the basis of his inspection, whether to ask Congress for the money.

The appropriation for the hospital for the fiscal year of 1970, approved by the Mayor and before Congress now, is $18,760,276. This is $1,756,000 more than the appropriation for last year. The District of Columbia General had requested an increase of $2,452,000. All these figures disturb me.

The staff at the District of Columbia General has not asked for more money because long ago it despaired of receiving it, and, as one doctor puts it, everyone is too busy sustaining the activity at the hospital to take time to construct a new budget. But the staff at the District of Columbia General agrees that to raise the hospital to the efficiency of Washington's other hospitals, an additional $8 to $10 million is imperative.

Day before yesterday, Dr. John P. Nasou, medical director at the District of Columbia General, received a letter from the Public Health Service. On August 29 an inspector from the Health Service examined the laboratories at the hospital and found substandard administration in eight of 13 categories of laboratory work. These categories are below standard because there are not enough people to run them. If the failing categories are not brought up to standard, they will be closed, and that service will not be available.

I want to encourage Mayor Washington and his health task force in their efforts to obtain more money for the District of Columbia General. If necessary, the hearings of the District of Columbia Subcommittee of the Appropriations Committee should be reopened to gather evidence on the current situation. We should consider this year not only the additional $6 million recommended by the task force subcommittee, but also the $8 million to $10 million more which is needed to make the District of Columbia General a decent, adequate public hospital.

Mr. President, I pledge myself to do everything I can to improve this situation.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. MATHIAS. I yield.

The PRESIDING OFFICER (Mr. SPONG in the chair.) The time of the Senator has expired.

Mr. MATHIAS. I ask unanimous consent that I may proceed for 3 additional minutes.

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

Mr. BYRD of West Virginia. Would the able Senator enlighten the Senate as to the percentage of patients who do not pay?

Mr. MATHIAS. As I alluded earlier, and as the distinguished Senator from West Virginia, who has such extensive knowledge in this area, knows, this hospital services the indigent who are not covered by medicaid and who are unable, in very many cases, to pay. I cannot provide for him at this moment the precise figure, but I can say to the Senator that it must be a very large percentage of all the patients who are treated there, and that is the nub of our problem.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield further?

Mr. MATHIAS. I am happy to yield.

Mr. BYRD of West Virginia. Would the Senator provide for the RECORD the amount of money not collected in the last fiscal year for services rendered to patients at the District of Columbia General Hospital, and also the percentage of patients who do not pay for such service?

Mr. MATHIAS. Not only will I provide for the Senator those figures, insofar as they become available to me, but also, I want to thank him for raising this question; because I think his own familiarity with the subject is such that he well knows that this is a critical question, and it does reflect what the measure of public responsibility is for the District of Columbia General. It will help to bring into focus the whole area of congressional responsibility for this phase of health service in the Nation's Capital, where Congress has not only the ultimate authority, but also the ultimate responsibility.

I will provide those figures as expeditiously as possible.

Mr. BYRD of West Virginia. Mr. President, would the Senator also provide for the RECORD the percentage of total costs for hospital construction in the District of Columbia that has been provided by the Federal Government through Hill-Burton appropriations, and so forth, by Congress, and also the percentage that has been provided by the District of Columbia?

Mr. MATHIAS. I will attempt to do so. I may have to seek the Senator's cooperation in securing those figures for the RECORD. I know I shall have them.

Again, I think the Senator's question is very pointed. It could be very helpful, because, as many private institutions find, the initial investment in a philanthropic and eleemosynary institution is only the first bite, and the ongoing, continuing maintenance of the institution is a totally different proposition, and is one that sometimes involves even greater effort than the initial input.

Mr. BYRD of West Virginia. I am sure the Senator will have no difficulty in securing the statistics I have asked for, and I hope he will also include statistics along the same general lines for the other general hospitals in the District of Columbia.

ORDER OF BUSINESS

The PRESIDING OFFICER. Is there further morning business?

Mr. BYRD of West Virginia. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

EXECUTIVE COMMUNICATIONS, ETC.

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

REPORT ON WILLIAM L. PAUL AGAINST THE UNITED STATES, BEFORE THE INDIAN CLAIMS COMMISSION

A letter from the Chairman, Indian Claims Commission, transmitting, pursuant to law, an order dismissing Docket No. 171, William L. Paul, Sr., on the relation of the Tee-Hit-Ton Indians, a tribe, band or group, Petitioner *v.* The United States of America, Defendant, before the Indian Claims Commission (with accompanying papers); to the Committee on Appropriations.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the need to improve and relocate internal audit activities at the Veterans' Administration, October 3, 1969 (with an accompanying report); to the Committee on Government Operations.

PROPOSED ST. CROIX NATIONAL SCENIC RIVERWAY COOPERATIVE AGREEMENT

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed cooperative agreement between the United States, Northern States Power Co., United Power & Land Co., the State of Minnesota, and the State of Wisconsin, for the establishment of the St. Croix National Scenic Riverway (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT ON CLASSIFYING THE WOLF RIVER

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, documents classifying the Wolf River, establishing boundaries, and setting forth development plans (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT ON RIVER PLAN, ROGUE RIVER IN OREGON

A letter from the Forest Service, U.S. Department of Agriculture, transmitting, pur-

suant to law, a copy of the River Plan for a segment of the Rogue River in Oregon (with an accompanying report); to the Committee on Interior and Insular Affairs.

REPORT ON RIVER PLAN, CLEARWATER RIVER IN OREGON

A letter from the Forest Service, U.S. Department of Agriculture, transmitting, pursuant to law, a copy of the River Plan for the Middle Fork of the Clearwater River, including the Lochsa and Selway Rivers in Idaho (with an accompanying report); to the Committee on Interior and Insular Affairs.

RIVER PLAN, SALMON RIVER IN IDAHO

A letter from the Forest Service, U.S. Department of Agriculture, transmitting, pursuant to law, a copy of the River Plan for the Middle Fork of the Salmon River (with an accompanying report); to the Committee on Interior and Insular Affairs.

RIVER PLAN, ELEVEN POINT RIVER, MISSOURI

A letter from the Forest Service, U.S. Department of Agriculture, transmitting, pursuant to law, a copy of the River Plan for the Eleven Point River, Missouri (with an accompanying report); to the Committee on Interior and Insular Affairs.

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. EASTLAND, from the Committee on the Judiciary:

Ollie L. Canion, of Louisiana to be U.S. marshal for the eastern district of Louisiana.

By Mr. CANNON, from the Committee on Commerce:

Isabel A. Burgess, of Arizona, to be a member of the National Transportation Safety Board.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. RIBICOFF, from the Committee on Government Operations, with amendments:

H.R. 337. An act to increase the maximum rate of per diem allowance for employees of the Government traveling on official business, and for other purposes (Rept. No. 91-450).

BILLS INTRODUCED

Bills were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. YARBOROUGH:

S. 2990. A bill to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees; to the Committee on Post Office and Civil Service.

(The remarks of Mr. YARBOROUGH when he introduced the bill appear later in the RECORD under the appropriate heading.)

By Mr. ELLENDER (by request):

S. 2991. A bill to extend the act establishing Federal agricultural services to Guam; to the Committee on Agriculture and Forestry.

By Mr. GOODELL:

S. 2992. A bill to amend the Internal Revenue Code of 1954; to the Committee on Finance.

S. 2990—INTRODUCTION OF THE PREVAILING WAGE RATE DETERMINATION ACT OF 1969

Mr. YARBOROUGH. Mr. President, I introduce, for appropriate reference, a bill entitled "Prevailing Wage Rate Determination Act of 1969," whose purpose is to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees.

Because the number of wage board employees exceeds 765,000, this bill is of vital concern to one-fourth of all employees of the Federal Government, and to many thousands of my fellow Texans. It directly affects their wages, their own rights and obligations, as well as the rights and obligations of their union representatives who are bargaining for them and who represent them on the various wage board committees established by this bill.

Basically, my bill is intended to bring order and system out of the chaotic situation which now exists in the Federal Government's procedures for fixing the rates of pay of employees working under the so-called prevailing wage rate system, as wage board employees. The information which I have been receiving for some time showed such a great discrepancy between rates of pay for wage board employees performing the identical functions and working in the same community that I found that the presumption of serious inequity and injustice could not be excluded, and this situation is not getting any better in spite of the efforts being made at the present time.

This bill would reduce inequities that now exist in this system.

While remedying abuses, the bill will preserve, nonetheless, the concept and procedures of the "prevailing wage" system. It thus is not a modification of the wage board system itself but simply a measure to eliminate injustice and inequity by providing new mechanisms to establish basic regulations, to conduct wage surveys and to adjudicate or arbitrate differences.

The most important single improvement in my bill over the present arrangement is that it will give a statutory foundation to improved procedures for wage board rate determinations. The principal instrumentality provided by the bill to assure that such a policy is pursued is a newly created standing committee within the Civil Service Commission, to be known as the National Wage Policy Committee.

Composed of 11 members, the National Wage Policy Committee will have as its Chairman a person who shall be from outside the Federal service and who shall be appointed directly by the President and shall hold no other office in the Federal service during his tenure as Chairman.

My bill provides that the Chairman will serve at the pleasure of the President of the United States and that his compensation will be $75 for each day spent in the work of the Policy Committee.

In addition, the Policy Committee will have five Federal employee union representatives and five management representatives.

The Federal employee union representatives will be appointed as follows:

Two by the president of the AFL-CIO; and one each appointed respectively by the president of the Federal employee union representing the first largest, the second largest and the third largest number of Federal employees subject to this act.

The five employer representatives shall be appointed to the National Wage Policy Committee as follows:

Two management representatives will be appointed by the Secretary of Defense, at least one of whom shall be appointed on a rotational basis for a period of 2 years from the Department of the Army, the Department of the Navy, and the Department of the Air Force;

One management representative from the Veterans' Administration will be appointed by the Administrator of Veterans' Affairs;

One management representative from the Civil Service Commission will be appointed by the Chairman of the Civil Service Commission; and

One management representative will be appointed, on a rotational basis for a period of 2 years, by the Chairman of the Civil Service Commission from Federal agencies which are leading employers of employees subject to this act.

In addition to establishing the National Wage Policy Committee, my bill will require each Federal Department or independent agency designated by the National Wage Policy Committee to establish an Agency Wage Committee, composed of five members. The role of the Agency Wage Committee will be to assure the implementation within the agency of the wage surveys through the functioning of the local wage survey committees.

An important feature of my bill is the inclusion under its wage rate system of all employees who are now paid from so-called nonappropriated funds. These employees will no longer be considered outsiders to the wage board, or prevailing wage rate system. They will be assured equity and justice in the same manner as if they were receiving their pay from appropriated funds. Certainly, it is improper that an employee should receive less money for his work simply because his employer or manager draws his checks on a different bank account. This provision will apply to military service post exchanges, whose employees would thus be assured fairer treatment.

On the basis of my experience, I am hopeful that whatever final statute emerges from this bill, will not be very much different in its essentials from the bill which I introduced today.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2990), to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees, introduced by Mr. YARBOROUGH, was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

ADDITIONAL COSPONSORS OF BILLS

S. 500

Mr. BYRD of West Virginia. Mr. President, at the request of the Senator from Montana (Mr. METCALF), I ask unanimous consent that, at the next printing, the name of the junior Senator from Hawaii (Mr. INOUYE) be added as a co-

sponsor of S. 500, to amend the Internal Revenue Code of 1954 so as to limit the amount of deductions attributable to the business of farming which may be used to offset nonfarm income.

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

S. 2890

Mr. CHURCH. Mr. President, I ask unanimous consent that, at the next printing, the names of the Senator from Nebraska (Mr. HRUSKA), the Senator from Maryland (Mr. MATHIAS), the Senator from Texas (Mr. TOWER), the Senator from Iowa (Mr. MILLER), and the Senator from New Jersey (Mr. WILLIAMS) be added as cosponsors of S. 2890, to amend title 38 to the United States Code to permit certain active duty for training to be counted on active duty for purposes of entitlement to educational benefits under chapter 34 of such title.

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

S. 2893

Mr. BYRD of West Virginia. Mr. President, at the request of the Senator from Utah (Mr. Moss), I ask unanimous consent that, at the next printing, the name of the Senator from Indiana (Mr. BAYH) be added as a cosponsor of S. 2893, to amend the act of June 27, 1960 (74 Stat. 220), relating to the preservation of historical and archeological data.

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

S. 2986

Mr. GRIFFIN. Mr. President, on behalf of the Senator from Pennsylvania (Mr. SCOTT), I ask unanimous consent that, at the next printing, the names of the Senator from Utah (Mr. BENNETT), the Senator from Delaware (Mr. BOGGS), the Senator from Hawaii (Mr. FONG), and the Senator from Idaho (Mr. JORDAN) be added as cosponsors of S. 2986, to authorize a family assistance plan providing basic benefits to low-incentives for employment and training to improve the capacity for employment of members of such families, to achieve greater uniformity of treatment of recipients under the Federal-State public assistance programs and to otherwise improve such programs, and for other purposes.

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

ADDITIONAL COSPONSORS OF A RESOLUTION

SENATE RESOLUTION 243

Mr. BYRD of West Virginia. Mr. President, at the request of the Senator from Indiana (Mr. BAYH), I ask unanimous consent that, at the next printing, the names of the Senator from Delaware (Mr. BOGGS), the Senator from Connecticut (Mr. DODD), and the Senator from New Hampshire (Mr. MCINTYRE) as cosponsors of Senate Resolution 243, to make it the sense of the Senate that the President should request the United Nations to take such steps as may be appropriate to bring about compliance by the Government of North Vietnam with its obligations under the Geneva Convention of August 12, 1949, relative to the treatment of prisoners of war.

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

INCOME TAX LAW REFORM—AMENDMENT

AMENDMENT NO. 222

Mr. MILLER submitted an amendment, intended to be proposed by him, to the bill (H.R. 13270) to reform the income tax laws, which was referred to the Committee on Finance and ordered to be printed.

On page 27, strike out line 21 and all that follows through line 8 on page 28 and substitute in lieu thereof the following:

"(3) APPLICABLE PERCENTAGE.—(A) For purposes of paragraph (1)(B), the applicable percentage in the case of a private foundation with 'excess business holdings', as defined in section 4943(c)(1), for taxable years beginning in 1970 is 5 percent. The applicable percentage for any taxable year beginning after 1970 shall be determined and proclaimed by the Secretary or his delegate and shall bear a relationship to 5 percent which the Secretary or his delegate determines to be comparable to the relationship which the money rates and investment yields for the calendar year immediately preceding the beginning of the taxable year bear to the money rates and investment yields for the calendar year 1969.

"(B) In the case of a private foundation with 'permitted holdings', as defined in section 4943(c)(2) and 4943(c)(3), the applicable percentage for such taxable year shall be reasonable, as determined and proclaimed by the Secretary or his delegate pursuant to regulations, taking into account an average rate of return from investments in common stocks traded on a public stock exchange. Such applicable percentage shall apply to the aggregate fair market value of all assets of such foundation as defined in section 4942(e)(1)(A)."

On page 34, line 17, strike out all that appears thereon and all that follows through page 42, line 21 and substitute in lieu thereof the following new section 4943:

"SEC. 4943. TAXES ON EXCESS BUSINESS HOLDINGS

"(a) INITIAL TAX.—

"(1) IMPOSITION.—There is hereby imposed on the excess business holdings of any private foundation in a corporation or business enterprise which is not incorporated during any calendar year which ends during the taxable period a tax equal to 5 percent of the value of such excess holdings.

"(2) SPECIAL RULES.—The tax imposed by paragraph (1)—

"(A) shall be imposed on the last day of the calendar year, but

"(B) with respect to the private foundation's holdings in any corporation or business enterprise which is not incorporated, shall be determined as of that day during the year when the foundation's excess holdings in such corporation or business enterprise which is not incorporated were the greatest.

"(b) ADDITIONAL TAX.—In any case in which an initial tax is imposed under subsection (a) with respect to the holdings of a private foundation in any corporation or business enterprise which is not incorporated if, at the close of the correction period with respect to such holdings, the foundation still has excess business holdings in such corporation or business enterprise which is not incorporated, there is hereby imposed a tax equal to 200 percent of such excess business holdings.

"(c) EXCESS BUSINESS HOLDINGS.—For purposes of this section—

"(1) IN GENERAL.—The term 'excess business holdings' means the amount of voting stock in a corporation or the interest in any business enterprise which is not incorporated which the foundation, its officers, directors, trustees or related foundation would have to dispose of in order for the remaining holdings of the foundation, its officers, directors, trustees, and related foundation in such corporation or business enterprise which is not incorporated to be permitted holdings.

"(2) PERMITTED HOLDINGS IN A CORPORATION.—The permitted holdings of any private foundation, its officers, directors, trustees, and related foundation in an incorporated business shall be less than 50 percent of the voting stock.

"(3) PERMITTED HOLDINGS IN PARTNERSHIPS, ETC.—The permitted holdings of a private foundation, its officers, directors, trustees, and related foundation in any business enterprise which is not incorporated shall be less than 50 percent of the net capital interest.

"(4) RELATED FOUNDATION DEFINED.—Only for purposes of this section, a 'related foundation' means a foundation which is effectively controlled (directly or indirectly) by the same officers, directors, or trustees who control the private foundation in question.

"(5) 10-YEAR PERIOD TO DISPOSE OF PRESENT HOLDINGS.—

"(A) In applying this section, any interest in a corporation or busines enterprise which is not incorporated which a private foundation, its officers, directors, trustees, and related foundation hold on May 26, 1969, if the private foundation, its officers, directors, trustees, and related foundation have on such date excess business holdings, shall while held by them be treated as permitted holdings during the 10-year period beginning on such date."

"(B) Subparagraph (A) shall cease to apply with respect to such excess business holdings unless, at the close of the 2-year period beginning on May 26, 1969, the private foundation, its officers, directors, trustees, or related foundation have disposed of at least one-tenth of such excess business holdings to a person other than the foundation. Its officers, directors, trustees, or related foundation. The preceding sentence shall not apply if—

"(i) such disposition would create severe hardship for the foundation, its officers, directors, trustees or related foundation, or such corporation or business enterprises which is not incorporated (including a severe depressive effect on the value of any interest in such corporation or business enterprise which is not incorporated), and

"(ii) it is established to the satisfaction of the Secretary or his delegate that, during the retention of such one-tenth interest, control of such interest will be exercised by persons other than the foundation, its officers, directors, trustees or related foundation, or a plan has been adopted to assure that the value of any interest in such corporation or business enterprise which is not incorporated will not be jeopardized.

"(C) Subparagraph (A) shall cease to apply with respect to such business holdings unless, at the close of the 5-year period beginning on May 26, 1969 the private foundation, its officers, directors, trustees, or related foundation have disposed of at least one-third of such excess business holdings to a person other than the foundation, its officers, directors, trustees or related foundation. The preceding sentence shall not apply if—

"(i) such disposition would create severe hardship for the foundation, its officers, directors, trustees or related foundation, or such corporation or business enterprise which is not incorporated (including a severe depressive effect on the value of any interest in such corporation or business enterprise which is not incorporated) and

"(ii) it is established to the satisfaction of the Secretary or his delegate that, during the retention of such one-third interest, control of such interest will be exercised by persons other than the foundation, its officers, directors, trustees, or related foundation, or a plan has been adopted to assure that the value of any interest in such corporation or business enterprise which is not incorporated will not be jeopardized.

"(D) Any period prescribed in subparagraph (A), (B), or (C) for the disposition of excess business holdings shall be suspended during the pendency of any judicial proceeding by the private foundation which is necessary to reform its governing instrument to allow disposition of such holdings.

"(6) 10-YEAR PERIOD TO DISPOSE OF HOLDINGS (ACQUIRED) BY WILL.—Paragraph (5) shall apply to any interest in a corporation or business enterprise which is not incorporated which a private foundation acquires under the terms of a will executed on or before July 28, 1969, which are in effect on such date and at all times thereafter, except that 'the date of acquisition by will' shall be substituted for 'May 26, 1969' wherever it appears in paragraph (5).

"(7) 5-YEAR PERIOD TO DISPOSE OF GIFTS, BEQUESTS, ETC.—Except as provided in paragraph (6), if, after May 26, 1969, there is a change in the holdings in a corporation or business enterprise which is not incorporated (other than by purchase by the private foundation or its officers, directors, trustees or related foundation) which causes the private foundation or its officers, directors, trustees or related foundation to have excess business holdings in such corporation or business enterprise which is not incorporated, the interest (immediately after such change) of the foundation, its officers, directors, trustees, or related foundation, in such corporation or business enterprise which is not incorporated shall (while held by the foundation, its officers, directors, trustees or related foundation) be treated as permitted holdings during the 5-year period beginning on the date of such change in holdings.

(d) DEFINITIONS; SPECIAL RULES.—For purposes of this section—

(1) ATTRIBUTION RULE.—In computing the holdings of a private foundation or the officers, directors, trustees, or related foundation, in any corporation or business enterprise which is not incorporated, any stock or other interest owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be considered as being owned proportionately by or for its shareholders, partners, or beneficiaries.

"TAXABLE PERIOD.—The term 'taxable period' means, with respect to any excess business holdings of a private foundation, its officers, directors, trustees or related foundation in a corporation or business enterprise which is not incorporated, the period beginning on the first day on which there are such excess holdings and ending on the date of mailing of a notice of deficiency with respect to the tax imposed by subsection (a) under section 6212 in respect of such holdings.

"(3) CORRECTION PERIOD.—The term 'correction period' means, with respect to excess business holdings of a private foundation, its officers, directors, trustees or related foundation in a corporation or business enterprise which is not incorporated, the period ending 90 days after the date of mailing of a notice of deficiency (with respect to the tax imposed by subsection (b)) under section 6212, extended by—

"(A) any period in which a deficiency cannot be assessed under section 6213(a), and

"(B) any other period which the Secretary or his delegate determines is reasonable and necessary to permit orderly disposition of such excess business holdings.

"(4) FUNCTIONALLY RELATED BUSINESS.—The term 'corporation or business enterprise which is not incorporated' does not include a trade or business—

"(A) which is not an unrelated trade or business as defined in section 513, or

"(B) which is carried on within a larger aggregate of similar activities or within a larger complex of other endeavors which is related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exempt purposes of the organization."

JOHN F. KENNEDY CENTER—AMENDMENT

AMENDMENT NO. 223

Mrs. SMITH of Maine (for herself and Mr. GOLDWATER) proposed an amendment to the bill (H.R. 11249) to amend the John F. Kennedy Center Act to authorize additional funds for such Center, which was ordered to be printed.

(The remarks of Mrs. SMITH of Maine when she offered the amendment appear later in the RECORD under the appropriate heading.)

INCOME TAX LAW REFORM—AMENDMENT

AMENDMENT NO. 224

Mr. COOPER submitted an amendment, intended to be proposed by him, to the bill (H.R. 13270) to reform the income tax laws, which was referred to the Committee on Finance and ordered to be printed.

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, October 3, 1969, he presented to the President of the United States the following enrolled bill and joint resolution:

S. 2068. An act to amend section 302(c) of the Labor-Management Relations Act of 1947 to permit employer contributions to trust funds to provide employees, their families, and dependents with scholarships for study at educational institutions or the establishment of child-care centers for preschool and school-age dependents of employees; and

S.J. Res. 46. Joint resolution to authorize the President to designate the period beginning November 16, 1969, and ending November 22, 1969, as "National Family Health Week."

NOTICE OF HEARINGS BY THE AD HOC SUBCOMMITTEE ON SURPLUS PROPERTY LEGISLATION

Mr. ALLEN. Mr. President, I wish to announce that the Ad Hoc Subcommittee on Surplus Property Legislation will hold hearings on Thursday, October 9, at 10 a.m., in room 3110, New Senate Office Building, on a number of bills which have been referred to the subcommittee. They are as follows:

S. 2583. Mr. MCGEE, to convey to the county of Washakie, Wyo., certain real property of the United States.

S. 2584. Mr. MCGEE, to authorize the donation of surplus real and personal property to States and political subdivisions for use in establishing and maintaining public museums.

S. 2591. Mr. GURNEY, to authorize the donation of surplus personal property to State and local police organizations.

S. 2563. Mr. HART, to amend the Federal Property Act, to permit the disposal of surplus real property to public housing agencies for public housing purposes.

Anyone wishing to testify or submit a statement for the record on any of the bills should contact Mr. Glenn K. Shriver, room 3308, New Senate Office Building, telephone extension 7464, as soon as possible.

NOTICE OF HEARINGS ON S. 2821

Mr. SPARKMAN. Mr. President, I should like to announce that the Subcommittee on Housing and Urban Affairs of the Committee on Banking and Currency will hold hearings on S. 2821, a bill to provide long-term financing for expanded urban public transportation programs, and for other purposes, and any pending amendments thereto.

The hearings will be held on October 14, 15, and 16, 1969, in room 5302, New Senate Office Building, and will commence at 10 a.m. each day.

COAL MINE SAFETY

Mr. WILLIAMS of New Jersey. Mr. President, the Senate yesterday, without a dissenting vote, voted to pass S. 2917, the most comprehensive coal mine health and safety legislation ever written. With one resounding vote, the Senate has told all of the Nation's miners, both active and retired, that their great contribution to American life, at great risk to their own lives, has now been commemorated and honored by their fellow citizens. The Senate has demonstrated its great concern for the vital daily problems of life and death to the miners.

I, for one, am grateful, for the opportunity I have had, as Labor Subcommittee chairman, to be the chief sponsor and floor manager of the bill. I am grateful also to have been a Member of the Senate which, in one session, has already enacted a Construction Workers Health and Safety Act, has just passed a Coal Mine Health and Safety Act, and, I am confident, will soon enact an Omnibus General Occupational Health and Safety Act. My colleagues should know that we began hearings on that bill just this week.

This historical measure requires urgently needed improvements in health and safety at all coal mines in the United States. It is an act which should be known as an act to reduce the cost of coal; not the cost in dollars and cents to the corporate operators of our coal mines, but the infinitely greater cost that does not appear on profit and loss records: the cost in human pain and suffering to our Nation's coal miners and to their families.

The purpose of this Coal Mine Health and Safety Act of 1969 is to insure that both the industry and the Government do, in fact, give first priority to the health and safety of the miner; to insure an end to the annual carnage in our Nation's coal mines; and to insure that new generations of coal miners are not ravaged by black lung.

The act is a major comprehensive measure which offers our Nation's coal miners the promise of a lifetime of productive work free from the hazards that have depleted this work force. It offers the families of our coal miners the hope of relief from the daily fears that permeate their lives.

The act not only provides the means to improve the health and safety conditions and practices at all underground coal mines; it encompasses all other coal mines including strip mines, not now covered by the Federal Coal Mine Safety Act.

It is the first Federal action aimed at meeting the demand for better health and safety in the coal mines. There must, however, be others if we expect to accomplish the goals of this legislation. The officials and employees of the Interior Department and the Bureau of Mines must reorient their attitudes toward the miner. Business as usual is no longer acceptable. They must develop the role of the "advocate" for the miner. They must vigorously seek sufficient manpower and funds to do the job. They must accelerate their health and safety research, always looking for new ways to save a life. They must institute a broad program of education of the operators and the miners to be safety and health conscious at all times. Time is no longer on their side. The Nation is demanding action. Any delay may well be disastrous.

A fatalistic attitude has permeated this industry for years. However, the unanimous passage of this act demonstrates that the Nation's miners, the public, and Congress will no longer accept this attitude. Men's lives are at stake and those of their families who are dependent on them.

I am most grateful for the constant and dedicated bipartisan support the act has had during its development and passage. Without the assistance, guidance, and resolve of all of the members of the Subcommittee on Labor and the full Labor and Public Welfare Committee, whether from coal-producing States or not, this bill would not have been passed yesterday.

I express my great appreciation to the ranking majority and minority members of our committee, Senators RANDOLPH and JAVITS, who have labored so tirelessly to produce the most effective legislation and to assure the unanimous support it has had throughout the legislative process. I also thank the senior members of the committee, Senators PELL, KENNEDY, NELSON, MONDALE, PROUTY, DOMINICK, and MURPHY, for the valuable, constant efforts to keep this legislation on the right track. Newly elected members of our committee have demonstrated a full acceptance of their legislative responsibilities. Each of them, Senators EAGLETON, CRANSTON, HUGHES, SCHWEIKER, BELLMON, and SAXBE, have contributed their unique talent to making this legislation possible.

A special word is in order about our committee chairman. Senator YARBOROUGH chairs one of the most active committees in the Senate. With many subcommittees vying for time in committee executive session, he set aside 10 days, during the month of July, so that this legislation could be reported out. His assistance and cooperation have enabled us, this session alone, to obtain Senate passage of all three pieces of legislation reported out of my Labor Subcommittee this year. Indeed, one of these bills, construction safety, has already been signed into law; the other, the day care bill, is on its way to the President right now.

Mr. President, this is a proud moment for the Senate. It is a proud moment for all America. We have recognized and accepted our responsibilities to our men who go down into the mines. I know that this moment is to them and to all workingmen in America a moment of well-deserved triumph.

RESOLUTION OF INTERNATIONAL CONFERENCE OF RED CROSS ON PRISONERS OF WAR

Mr. FULBRIGHT. Mr. President, I am informed that the International Conference of the Red Cross conducted in Istanbul during the period September 8–13, 1969, was attended by representatives of 77 governments and 91 national Red Cross societies or their counterparts. Each of the governments represented is a party to the so-called Geneva convention, or Red Cross Treaty. Under its rules, the Conference is forbidden to deal with political matters or to serve as a forum for political debate. Among the subjects examined by the Conference was the recognized failure of parties to armed conflicts that are being waged in several parts of the world to respect the humanitarian terms and principles of the Geneva conventions. In particular, the Conference took note of the failure of some parties to these conflicts to observe the terms and principles of the Prisoner-of-War Convention to which each of the governments represented at the conference had formally adhered.

The Conference adopted a resolution calling upon all parties to these conflicts to abide by the terms of the convention and to afford prisoners of war the full measure of protection the adhering governments are obligated to extend. I understand that the conference was careful not to suggest in any manner an opinion as to the merits of particular hostilities but confined its concern strictly to the subject of humane treatment of prisoners of war "without regard to how the conflict—resulting in their capture—may be characterized."

It is my understanding that the resolution was adopted without dissent and that governments from all segments of the political and ideological spectrum voted for the resolution. Unfortunately, neither the Government of North Vietnam, which is a party to the convention, nor its Red Cross Society attended the Conference but I am advised that attending countries that have supported that government in the current conflict supported the resolution. Mr. President, I ask unanimous consent that the resolution be printed at this point in my remarks.

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

PROTECTION OF PRISONERS OF WAR

The XXIst International Conference of the Red Cross.

Recalling the Geneva Convention of 1949 on the protection of prisoners of war, and the historic role of the Red Cross as a protector of victims of war.

Considering that the Convention applies to each armed conflict between two or more parties to the Convention without regard to how the conflict may be characterized.

Recognizing that, even apart from the Convention, the International community has consistently demanded humane treatment for prisoners of war, including identification and accounting for all prisoners, provision of an adequate diet and medical care, that prisoners be permitted to communicate with each other and with the exterior, that seriously sick and wounded prisoners be promptly repatriated, and that at all times prisoners be protected from physical and mental torture, abuse and reprisals.

Requests each party to the Convention to take all appropriate measures to ensure humane treatment and prevent violations of the Convention.

Calls upon all parties to abide by the obligations set forth in the Convention and upon all authorities involved in an armed conflict to ensure that all uniformed members of the regular armed forces of another party to the conflict and all other persons entitled to prisoner of war status are treated humanely and given the fullest measure of protection prescribed by the Convention; and further calls upon all parties to provide free access to the prisoners of war and to all places of their detention by a protecting Power or by the International Committee of the Red Cross.

Mr. FULBRIGHT. Mr. President, the American Red Cross, concerned with the plight of American servicemen detained as prisoners of war by the Government of North Vietnam, has urged its sister Red Cross societies in all parts of the world to appeal to the Red Cross Society in North Vietnam and to take such other action as may be appropriate to insure that these prisoners are afforded the humane treatment prescribed by the convention. The text of the American Red Cross message, dispatched by cable on September 26, is in the following terms:

Recognizing that International Red Cross Conference Resolution 3 calling for treatment of prisoners of war in accordance with the convention is concerned exclusively with humanitarian considerations without regard to political viewpoints or how particular armed conflict is characterized, press in many parts world has commented favorably upon principle embodied in resolution. Public concern this country about American servicemen interned by Government North Vietnam for periods up to five years reflects deep anxiety parents, wives and children regarding health servicemen and whether they are in fact alive.

Sincerely urge your society to appeal directly to North Vietnamese Red Cross and seek similar appeals from your Government to the Government of North Vietnam for compliance with the intent and content of resolution. We informed that recently an official of Hanoi delegation in Paris stated they would welcome anyone seeking information about prisoners provided such inquires made without United States Government sponsorship. We immediately appealed to the ICRC to endeavor to talk to Hanoi delegates in Paris. Based upon both this statement and uncontroverted sentiment of the International Red Cross as shown by adoption of resolution without single dissenting vote we ask for your sympathetic

understanding and your prompt effort in response to above suggestion. Earnestly believe effective action this matter is of utmost urgency not only families involved but survival of world-wide confidence in Red Cross.

The actions of the International Red Cross Conference and the American Red Cross seem to me to be entirely appropriate and should command the support of all men of good will. Surely the lot of a prisoner of war is at best an unhappy one and all governments should be persuaded that the mistreatment of prisoners of war lends no support to the political and military causes those governments espouse. Irrespective of the nature of the conflict which gives rise to his imprisonment a captor should be mindful, in the words of the convention, that a prisoner is in the hands of a detaining power "as a result of circumstances independent of his own will." He should, as recited in the International Red Cross Conference resolution, be promptly identified; afforded an adequate diet and medical care; permitted to communicate with other prisoners and with the exterior; promptly repatriated if seriously sick or wounded; and at all times be protected from abuse or reprisals. And, as specifically prescribed in the convention, a neutral intermediary such as the International Committee of the Red Cross should be afforded free access to prisoners of war and their places of detention. I ask unanimous consent that there be printed in the RECORD a list of the countries to which the American Red Cross cable was sent.

I trust that the Red Cross will be successful in its efforts and I am glad to associate myself with its appeal.

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

Cable of Prisoners of War has been sent to Red Cross Societies of:

Australia, Belgium, Brazil, Cambodia, Canada, Denmark, Finland, France, Federal Republic of Germany, Great Britain, Greece, Hungary, India, and Italy.

Japan, Republic of Korea, Liberia, Netherlands, New Zealand, Norway, Pakistan, Philippines, Poland, Senegal, Spain, Sweden, Switzerland, Turkey, U.S.S.R., and Yugoslavia.

League of Red Cross Societies.

PRESIDENT NIXON'S WELFARE REFORM PROGRAM

Mr. PERCY. Mr. President, I commend President Nixon for his initiative in grappling with the complex problems of welfare reform. His family assistance proposal, introduced by the Senator from Pennsylvania (Mr. SCOTT) yesterday represents an innovative step in the structural reform of a system now characterized by inequities. I am pleased to be a cosponsor of the bill.

While I do favor the principle behind the family assistance program and many of its provisions, I think that hearings and further analysis may reveal areas in which some modifications are necessary. Should it become evident that some changes are needed, my cosponsorship of the bill would not preclude my support of them.

A 15 PERCENT SOCIAL SECURITY INCREASE IS NEEDED

Mr. MOSS. Mr. President, I noted with great joy last Thursday that President Nixon has apparently overcome the traditional Republican myopia and has begun to focus on the problems of the working and older Americans. The President has taken executive notice of the severe damage that results when accelerated inflation rips into fixed incomes and has proposed the solution of a 10 percent across-the-board boost in social security payments.

While I commend the President for his stand, I hasten to point out that his vision is not quite 20/20 yet. From my perspective, the proposed 10-percent increase precisely equals the rise in the cost-of-living index from February 1968, when the last social security increase took effect through December of this year. This being true, the administration's proposal can only be viewed as a stopgap measure.

It is widely recognized that older Americans make up 75 percent of the 25 million who are receiving social security payments. It is recognized that social security is the greater part of the total income for these people. What apparently is not recognized is that these old-age benefits are patently inadequate. This would appear to be an obvious fact to those who observe the standard of living of social security recipients.

One can make the point with statistics as well as through common observation. The Bureau of Labor Statistics has indulged in extensive research to arrive at a dollar figure which represents what would be needed by a retired couple living in an urban area for a moderate standard of living. The figure that I have is for the year 1966, and it amounts to $3,869. This is the figure I want to work with, but I want to emphasize that, given the rises in prices over the last 3 years, the projected dollar amount for the year 1970 would be much larger than $3,869.

If we can take the average family benefit for an aged couple, both receiving social security benefits, the present figure is $170 per month. With President Nixon's 10-percent increase, the figure goes up to $188 per month which, multiplied by 12, provides an annual income of $2,256. Thus, even when using the average annual payment that a family would receive if the President's proposal were passed, this dollar amount is still woefully below the $3,869 that the Bureau of Labor Statistics established as what a retired couple would need to live moderately in 1966.

It is, of course, true that many of our elderly have other sources of income. But more do not. Again turning to statistics, I note that income from outside sources has decreased rapidly since 1956. The median income from sources other than social security benefits has decreased 23 percent for married couples, 19 percent for retired men, 34 percent for retired women, and by as much as 33 percent for aged widows.

I have also been disturbed to learn that the gap between the median income of those over age 65 and the median income of those less than 65 continues to widen. The Special Committee on Aging, of which I am a member, reports that in 1962 a family that had a senior citizen at its head could expect to receive one half of the income of a family headed by an adult less than 65. By 1967, the family headed by a senior citizen could expect only 46 percent of the median income of younger families. And the gap continues to grow.

My proposal is tempered by the realities of a tortured budget. I believe a 15-percent raise across-the-board is necessary and consistent with our fiscal responsibilities. My proposal is only a minimal attempt to direct a little more of our rising national product to our older people. I also stand by my bill, introduced earlier this year, that would raise the limitation on earnings for a person receiving social security from the present $1,680 a year to $2,520 a year, or $210 a month. This change should be adopted as a matter of basic equity.

A SPEECH THAT DESERVES ATTENTION

Mr. DODD. Mr. President, recently there came to my attention the text of a speech by Gen. Leonard F. Chapman, Jr., Commandant of the U.S. Marine Corps, which he made in Chicago before the Combat Correspondents' Association on September 20. It was a remarkable speech, in my opinion. But even more remarkable was the fact that it received just about zero attention from the major eastern newspapers.

This is one of the many incidents which suggests the existence of a pattern, under which any criticisim of the Vietnam war is considered news no matter how disreputable the critic, whereas any defense of our Vietnam commitment is considered non-news, even when the speakers are men of national stature.

General Chapman, who had just returned from another trip to South Vietnam, paid a glowing tribute to the morale and heroism of the young Americans who continue to serve in Vietnam. Said General Chapman:

> The debate here at home over the purpose and morality of our being in the Republic of Vietnam, has made little impression on those young men. The individual Marine knows why he is there. He sees countless reasons every day. He sees it in the people, as more and more they turn to a strengthened government of the Republic of Vietnam in their escape from enemy terror. He sees it as the armed forces of that republic grow stronger, steadier, and take on more of the commitments.

There is another passage in General Chapman's speech which I would like in particular to call to the attention of the Senate. Speaking of the anti-war demonstrations in this country, General Chapman issued this warning:

> The well-intentioned Americans who think they can stop war and tyranny by destroying their own strength are unknowing allies of the enemy. The enemy has another ally in this country. This one is not a dove—or a peacenik, though he has made some success in identifying with the sincere antiwar groups. He is a veteran fighter, and a veteran hater. He is not tired of war. In fact he

preaches war, and he waves the flag of the Viet Cong. He is against this war only because he is in accord with the principles of the enemy. He employs the weapons of words in mass. His proven theory is: if something is said loud enough, and often enough, some of it will be accepted as truth. It has worked, now some of their words and phrases have found their way into the national vocabulary: "imperialism," "militarism," "the American military machine." Is it necessary to deny that this country is not imperialistic? Must it be said that Americans are not a militaristic people?

How many seek victory for the enemy? I don't know. I know they are a minority. But because this noisy minority effects a bizarre appearance, because they offer instant and theatrical violence, they are news. Their images march across television screens throughout the nation. Their slogans and actions are chronicled in every newspaper and magazine. They have identified with youth, but they are not young because their ideas are old: Destroy the nation's defenses, destroy the nation's educational institutions, polarize the races.

Mr. President, I ask unanimous consent that the complete text of General Chapman's speech be printed in the RECORD.

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

REMARKS BY GEN. LEONARD F. CHAPMAN, JR.

Thank you, Ed.

You know, I understand that when Ed McMahon was flying an OE for VMO–6 in Korea, they had to revise their standard commands. While Ed was there, instead of passing the word "all pilots, man your planes," the order was changed to "all pilots, man your planes—Captain McMahon, put yours on."

Well, Ed, you'd be happy to know we've finally developed larger aircraft for observation work.

You might even be able to get an observer in there with you.

Fellow Marines and fellow members of the Marine Corps Combat Correspondents' Association, it's good to be here. This is a good time to be with old friends—old comrades. This is a good time to talk to you, and to hear *your* talk, especially you. Certainly, there isn't a group of Marines anywhere who would listen as carefully as you, to new words about our Corps—or who can speak as eloquently as you, in furthering the story of our Corps. You have proven this in three wars. You have always listened and observed with great care, and reported what you saw and heard with accuracy and warmth. The service you have performed for the Corps in chronicling our most important element the individual Marine—is a duty well done.

But even more important is the service you have rendered the American people. You have told them of *their* Marines, and you have told that story the only way it could be told in depth. You reported *as* Marines.

From the very beginning our Corps has enjoyed a good rapport with the American public. Our history, and promise have always been of faithful and good service. Since 1775 the very word Marine has meant strength. But until World War II we were not only strong, we were silent—a strong, silent servant of our country. The American people wanted to know more about us, but we didn't know how to tell them.

In 1941, the Major General-Commandant, General Thomas Holcomb, assigned Brigadier General Robert L. Denig the task of making sure the Marine Corps story *was* told. Well, General Denig wasn't sure how the story should be told—nor was his Sergeant Major, Walter Shipman—but they were both sure of who *did* know how to tell the story—and they sought your service. You came to us, you became Marines, and as Marines you told our story. It was a new idea, and not all of the old hands liked it, but it was a new time—a new era.

There were other new ideas that were entering our Corps then: new equipment, new weapons, new tactics, and new Marines. The old hands looked askance at all of them. The new equipment they tolerated, the new weapons looked like an improvement, they learned the new tactics—but the new Marines?

New Marines, models 1941 through 45. Gum-chewing jitterbugs. Gunnery sergeants of long and faithful service scratched their heads and grumbled. They had never seen Marines like this crop—and it was true. The young men who came to wear the emblem then, *didn't* look like the men who had worn tight fitting khaki in the Caribbean—or wrap leggings in France. No, they didn't look like those Marines anymore than those Marines had looked like the Marines of the Spanish American War, or the Civil War, or the War of 1812. These new Marines listened to jive on portable radios, jitterbugged in the USOs, and impressed a new life-style on the old Corps. They were hot stuff, but they were Marines. They saluted the flag, trained hard, wore their uniforms with pride (even though a close check had to be made at liberty call to ensure that no one went ashore in white socks), and boldly assaulted the bristling islands of the Pacific with a determination that could leave no doubt—they were Marines. And they were magnificent Marines.

Those same men, minus chewing gum and wearing hashmarks, then wondered what we could do with the Marine of the 50s. Well, the 1950 model didn't want to be hot stuff, his main social ambition was to be forever cool. And so he was, in the snow covered mountains of Korea. The men wearing our emblem in that time fought their way north, became surrounded, fought their way back out, then turned and fought north again with a spirit that could leave no doubt—they were Marines. And *they* were magnificent Marines.

This is a new time, a new era. We again have a new model wearing the emblem. White, black, or whatever the color of his skin—he is the young American, he is the new Marine. He has new ideas, new desires, and a new life-style that no more resemble those of the Korean War or World War II—than those styles matched the ones before them.

But don't confuse style with character.

These young Americans come to us with a new set of social ideals, but they also come to us seeking the good traditions of our Corps. They have no desire to change those traditions, they want to be a part of them, and they want to add their own dedication and deeds to those traditions. They fight for a better world, aren't they entitled to see it improved? Don't confuse the hatred and violence of a small minority for the new ideals. That hatred is not new, it is as old as it is senseless. It is really what these new Marines are fighting against—what all of us have always fought against. Because the style has changed again does not mean our traditions of service have changed. Those traditions are granite hard, they will not change.

Last month I made a trip to the Republic of Vietnam, so I report to you with a fresh memory of the young Americans fighting this war. Young Americans who continue to serve with energy and courage. The debate, here at home, over the purpose and morality of our being in the Republic of Vietnam has made little impression on those young men. The individual Marine knows why he is there. He sees countless reasons every day. He sees it in the people, as more and more they turn to a strengthened government of the Republic of Vietnam in their escape from enemy terror. He sees it as the armed forces of that republic grow stronger, steadier, and take on more of the commitments.

That same individual Marine doesn't like being referred to as a tool of imperialist aggression—especially when the words are delivered in American accents—but he doesn't pay too much attention to it. He doesn't have time. He's too busy searching for mines set by North Vietnamese soldiers. Mines that have killed and injured more South Vietnamese civilians than they have American troops.

The young Marine knows he is fighting a guerrilla war. He knows from hard experience that there are no lines of battle, and key terrain is a matter of who holds a piece of ground at a given time. He also knows that this is a limited war, but only our prosecution of the war is limited, not the enemy's. The enemy has a distinct advantage. He moves to and from the sanctuary of his homeland as he chooses. It is clearly up to him if there will be a war at all. To stop the war, the enemy merely removes himself from the contested area while the Marine knows that his only means to stop the war is to destroy the enemy in the areas in which we have limited our operations. And this he does, when and where he finds the enemy.

The young Marine is well aware of the strategic situation in Vietnam. He knows the enemy can maintain his advantage of free movement, and a stable rear, only because we choose to remain out of his country. He knows, too, that if the situation were reversed, North Vietnam would not be able to withstand guerrilla warfare within her borders—without outside help—anymore than the Republic of Vietnam.

But our country and our allies did not choose the destruction of North Vietnam. Rather, our forces have been committed to deny the North Vietnamese the destruction and conquest of the Republic of Vietnam. And we are attempting to do this by limiting our action to the area of contention: South Vietnam.

This is a test, a severe test, to determine the feasibility of halting aggression without the destruction of the aggressor nation. We have no desire to destroy a country, we only intend that another country be left to its own determination. Our part in this war has been an effort to reestablish peace and order, by making it unprofitable for one nation to impose its will on a neighbor. But it takes great restraint, and an extremely temperate application of power. This country, in the past four and a half years, has shown an unprecedented ability to do just that. But restraint demands a high price. It demands time, and time demands patience.

You know, this war has two areas of combat. One in Vietnam where the enemy attacks with bullets—and the other, right here in this country, where his allies attack with words. The enemy has never achieved a meaningful gain on the battleground in Vietnam—but he has scored heavily here, in this country.

Yes, there is a Defense establishment in the United States, and there is a military industrial complex. There is nothing wrong with those terms, they are not sinister. Only editorial inflections used in their delivery make them evil. This is not a conquered country. The military industrial complex does not nurture, nor does the Defense establishment control an army of occupation. It is the threat of other men in other countries that has made them necessary. It is that continued threat that is evil.

Since June of 1940, more than 29 years, Americans have been preoccupied with war. Three different times in that period young Americans have had to fight on foreign

shores. Eleven of those 29 years have been spent in actual conflict, and the years in between have been periods of increasing defense preparedness.

So good Americans, gentle people, who have never seen tyranny, war, or terror, call themselves doves. Americans who have never known the shock of violent death at close quarters, or the heavy foot of an invader, call themselves peaceniks. And somehow, in this one-sided monologue, those who fight tyranny, who seek to eliminate terror—are war-hawks.

Gentlemen, I think the true dove, the real peacenik, is made in battle. No one wants peace more than the Marine rifleman on his 50th patrol—or the Marine artilleryman returning counter-mortar fire from an open gun pit—or the Marine aviator flying his third medical evacuation mission in one day. I think you'll agree with me, that is the real school for doves. But it is a school convened in an environment of object lessons in the loss of freedom. These young Americans who fight this war truly learn the value of peace, and they learn the value of peace as free men. And because they are willing to fight for it they will remain free men.

But the well-intentioned Americans who think they can stop war and tyranny by destroying their own strength are unknowing allies of the enemy. The enemy has another ally in this country. This one is not a dove—or a peacenik, though he has made some success in identifying with the sincere anti-war groups. He is a veteran fighter, and a veteran hater. He is not tired of war. In fact he preaches war, and he waves the flag of the Viet Cong. He is against *this* war only because he is in accord with the principles of the enemy. He employs the weapons of words in mass. His proven theory is: if something is said loud enough, and often enough, some of it will be accepted as truth. It has worked, now some of their words and phrases have found their way into the national vocabulary: "imperialism," "militarism," "the American military machine." Is it necessary to deny that this country is not imperialistic? Must it be said that Americans are not a militaristic people?

How many seek victory for the enemy? I don't know. I know they are a minority. But because this noisy minority affects a bizarre appearance, because they offer instant and theatrical violence, they are news. Their images march across television screens throughout the nation. Their slogans and actions are chronicled in every newspaper and magazine. They have identified with youth, but they are not young because their ideas are old: Destroy the nation's defenses, destroy the nation's educational institutions, polarize the races.

This group has hurt us in recruiting qualified college graduates for our officer programs. For years we have depended upon recruiting on college campuses to provide nearly 85 per cent of all new Marine officers. Now, through violence and the threat of violence, this group has intimidated some college administrators into either blocking our recruiting efforts, or placing our selection teams in positions where it will be assured that qualified students do not know of their presence.

In spite of these efforts young Americans from every part of this country—from every educational level—and from every ethnic origin, still offer their services as Marines, officer and enlisted. And because of their choice to serve in the face of the dialogue of hate, they have found a new cohesion, a new comradeship.

I attended the State Dinner for the Astronauts in Los Angeles last month. It was but one of the many tributes to the bravery and skill of those incredible men. I also thought of the bravery and skill of the young Marines in Vietnam. But there is one great difference. Our Astronauts were cheered by all the American people, and greeted enthusiastically when they returned. Can we say this of our brave young Marine? Obviously not. Many Americans do not support him—many reject him when he returns. But his bravery and dedication do not diminish. They are of a quality that persist.

I have told you what a dedicated man the modern Marine is. I have told you that he believes in this war, and that he offers his service as an individual, not a conformist. But what does he really think of the war and his service? Well, since the first Marines became eligible for rotation home from Vietnam in the spring of 1966, a total of 38,000 have extended for six months or more in that country—in that war. That's almost a battalion a month. I want to point out that the number of career regulars in that figure is minimal. The career Marine knows he'll go back eventually anyway, very few extend.

Another statistic is important in looking at the character of the young Marine of today. Of all Marines eligible, 74.5 per cent actually cast their ballots in the last national election. That's against a national average of 60 per cent. Does the young Marine value his position as a citizen of this country?

But our young Marines are really only parts of the overall fabric of American life. And back here, at home, the stresses and strains of today sometimes have their effect. I am sure you are aware of the two separate disturbances—racial in nature—that have occurred in the Corps. One at Kaneohe Bay, in Hawaii, the other at Camp Lejeune, North Carolina. Because of these I have clearly outlined specific policies, and I have strongly reminded all commanders that under no circumstances will the Corps tolerate either discrimination or a breakdown in discipline resulting in violence.

Within the Corps there is no color gradiation. All Marines are green, khaki, or blue—depending on the prescribed uniform of the day. My troop commanders will see to it.

I want to assure you that those incidents involving only a few men in Marine uniform are not typical of today's Corps. They are surely not representatives of our young Marine of today—the young American without protest sign. He's truly as fine as we've ever had. For those two occurrences I could describe thousands of other incidents of bravery and compassion. But it is really the small events that make up the good esprit of our Corps—and all of our Armed Forces.

A few days ago a young Marine, after a total of 19 months in Vietnam—13 months assigned, and 6 months voluntary extension—stopped by Headquarters Marine Corps to see one of the officers he had served under in Vietnam. The young Marine, wounded twice and decorated once, was still on his rotation leave. Naturally the officer was anxious to hear how everything was with the old outfit. "How's the contact with the enemy?" he asked the youngster.

"Oh, it picked up quite a lot, sir, especially just before I left."

The officer gave it some thought, and then asked another question. "How's the morale?"

The Marine didn't hesitate, "Terrible," he said.

The officer didn't like the answer, but at least it was straight forward. He asked the Marine what the problem was.

"Well, my girl got engaged to another guy, I got a ticket for speeding, and I can't get a barber to give me a decent haircut for less than three bucks. It's pretty rotten, sir."

The officer laughed with some relief. "No, no, not your morale. I mean in Vietnam."

"Oh, it's okay there, sir. That's why I came by to see you. Do you think you could fix it up so I could get another six months out there, with six days in Australia on my way back?"

We have some problems, gentlemen, but they are not centered in the young Marine. He is doing everything he can. I ask the CCs to help. Know he is a Marine, recognize that fact. Support him, make him feel your support. And as it is your tradition, help him—tell it like it is.

OPPOSITION TO A GUARANTEED ANNUAL WAGE

Mr. YOUNG of North Dakota. Mr. President, one of the very best arguments in opposition to the proposal for a guaranteed annual wage is contained in an article written by Mr. Lawrence Welk and published in Christian Economics for August 5, 1969.

Mr. Welk makes a persuasive case against this proposal in a way that most Americans will easily understand. Lawrence Welk understands better than most people what it really takes for a young person to succeed. He is one of the best known and best liked of all Americans. He had a humble beginning with very limited means, but because of his strong Christian spirit, his patriotic attitude, and his stanch belief in our system of government, coupled with his natural talents and hard work, he has become a great success and risen to the top of his profession. Needless to say, like all North Dakotans, I am very proud of this outstanding American.

Mr. President, because the article presents such a persuasive argument against a guaranteed wage, I believe that everyone—whether or not he believes in such a program—would be interested in it. 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:

GUARANTEED WAGE AND HUMAN DIGNITY

(By Lawrence Welk)

Numerous spokesmen today are advancing the theory that a guaranteed annual wage plan for every person in the United States would solve our hard-core unemployment problem and dramatically alleviate the suffering of our poor. I share very deeply the common concern we all feel for these terrible conditions . . . but I believe there is a better solution than a guaranteed annual wage.

I speak not as a politician or a statesman . . . but simply as a father, a business man, an orchestra leader and a concerned citizen of this country which I love so very much. I have known extreme poverty in my lifetime, and I have been blessed with a measure of success, and I have had an unique opportunity during these past forty-five years in show business to observe human nature at work. I base most of my objections to the wage plan on the lessons I have been able to learn through practical experience and observation.

A guaranteed annual income would pay each person in the United States a fixed sum of money every year. Four thousand dollars has been suggested as the minimum amount for a family of four. If the head of the household earns part of that sum, the government will make up the difference. If, however, he earns nothing at all . . . the government will pay him the full amount.

To my way of thinking this is a negative approach which does not solve the basic problem. Instead of inspiring and helping a man fulfill his potential by working to support himself and his family, it actually encourages him to sit back and do nothing, secure in the knowledge that the government will take care of him. This destroys his initiative and his will to succeed. It robs him of his natural human dignity, and even the right to direct his own life.

I am also concerned about the effect such a guaranteed wage plan would have on our children. A child raised in an atmosphere of defeat and apathy, and taught to expect that his every need will be taken care of whether he works or not, stands little chance of developing a strong character. His own natural eagerness to learn and to grow and to excel is cut off at the very beginning of his life, and he may never know the thrill of achievement on his own. A child who is encouraged early to earn extra pennies by shining shoes or selling newspapers or doing household tasks, stands a much better chance of reaching them than a child who is taught to do nothing.

The most destructive aspect of the guaranteed wage plan, it seems to me, is the fact that it endangers our free-enterprise system . . . and I believe with all my heart that this is the best system the world has ever known.

We have achieved a higher standard of living, given more, helped more, and been more alert to the needs of our citizens than any people, under any other form of government in the history of the world . . . and I, for one, do not want to lose it. I believe one of the reasons our country has been able to accomplish so much is that our founding fathers and early immigrants had the freedom to dream great dreams and work hard to achieve them. We must not lose this right.

My own parents came halfway around the world in search of the freedom this country offered . . . and they found it. They started with nothing but boundless hope and optimism, and through sheer hard work managed to acquire their own farm. Thousands of others did the same thing. Their achievement was limited only by their energy and initiative. Nobody tried to stop them, or tell them what to believe or how much they could earn or whether they could pray to their God or not. The Constitution of this country guaranteed them their basic freedoms. They taught their children what a priceless gift that was and what a great nation this is. To lose our liberties now would be tragic and senseless, but I'm afraid we stand a very real danger of doing just that if we continue to trade off our personal freedoms for more and more government paternalism. The bigger the government . . . the smaller the people.

I grew up on a small farm in Strasburg, North Dakota, along with seven brothers and sisters, and my parents taught all of us children the value and joy of work. They will never know how grateful I have been all my life for their example and their teachings! Our parents taught us that nothing good is ever achieved without work, and that there is a kind of joy in work itself which contributes to one's peace of mind and inner tranquility.

And the work should be quality work! A few years ago American children were taught routinely that a job worth doing was worth doing well, but somewhere along the line that idea seems to have vanished. Today . . . in talking with various businessmen . . . I have learned that it is becoming more and more difficult to find competent workmen . . . men who take real pride in performing their craft. In my own profession, I have found it next to impossible to find a well-trained young musician. I have been looking for almost two years for an experienced young violinist, and have not been able to find one who combines talent with the training and self-discipline necessary to do the job. True competence in any field takes time, perseverance, infinite patience . . . and hard work.

Rather than give a man money, simply because he exists . . . let us educate him to the glory that can be found in work . . . and then bend every effort towards helping him find and hold a job. I do not think it is ever too late to help a man accomplish this, no matter what his condition in life. We can start right now by educating our people to the fact that this is still the land of opportunity, and that any job . . . no matter how lowly . . . can lead to a successful and happy life if it is performed with spirit and enthusiasm. Our primary goal should be to build the character of the man who is doing the job, for in this way we will build the character of the nation as well.

One of the deepest joys of my own life has been to recognize the potential in other people and help them try to achieve it. It is a wonderful experience to watch any man or woman develop his talents to the fullest and I have noticed that the happiest people in our orchestra are always those who work the hardest.

Many examples come to mind. . . . Years ago I suspected that Larry Hooper, our pianist, could also be a singer, because of the exceptionally deep resonance of his speaking voice. When I encouraged him to try, he found to his surprise that he really could sing, and he not only developed into a popular singer, but his whole personality improved! Jack Imel, who was a drummer and dancer on our show, came to me with ideas for production sketches, and the more he worked, the better his ideas became, until today he is the assistant to our brilliant producer, Jim Hobson.

Myron Floren overcame the twin handicaps of poverty and serious illness. Myron was stricken with rheumatic fever as a youngster, but he turned all of his energy and willpower into making a full recovery, and was able to regain his health completely. His fortitude, dependability and complete devotion to whatever task he undertakes have become almost legendary in our band. He has developed the inner strength and self-confidence necessary to handle whatever new responsibilities come his way. He has today reached goals no one would have thought possible for him when he was a young boy growing up in poverty on an obscure farm.

You cannot build character and courage in an able-bodied man by taking away his initiative and spirit of independence. You cannot buy happiness for a man. He must earn that for himself. That is one of my basic objections to the Guaranteed Annual Wage Plan. It does not really help a man to grow.

We have made tremendous progress in the fields of science and technology. We have learned how to send a man to the moon and probe the underside of the sea. We have learned how to split the atom and harness the energy of the sun. We have built giant computers that do incredibly complex jobs for us. But we have neglected our most important obligation. We have neglected our primary duty to build men.

I think we began to get into serious trouble when we took God out of our schools and out of our hearts. We need to re-introduce basic moral values into our lives. We need to affirm again those American verities of hope and courage and faith . . . the principles of fair play and integrity, and an honest day's work for a day's pay.

Somehow I feel that the real answer to our difficult problems can best be found in the teachings of Christ. He spoke of the dignity of the individual human being. He demonstrated through the love and compassion of His own life just how valuable each human soul is.

A human being is far too valuable to be paid off in money. A human being grows and prospers through the dignity of work.

HUMAN RIGHTS CONVENTION ON POLITICAL RIGHTS OF WOMEN—NO EXCUSE FOR SENATE'S FAILURE TO RATIFY

Mr. PROXMIRE. Mr. President, the Human Rights Convention on the Political Rights of Women was adopted by the General Assembly of the United Nations in December of 1952.

It was opened for signature in March of 1953, 16 years ago. As in the case of the Genocide Convention and Forced Labor, the Senate has failed to ratify the Convention on Political Rights of Women. President Kennedy sent this convention to the Senate 6 full years ago.

Why has the Senate failed to ratify this convention? Certainly the 19th amendment to the Constitution clearly defines and protects the political rights of women in the United States. All that this convention establishes and guarantees are the rights of women: first, to vote; second, to be candidates for office; and third, to hold office.

The National Council of Women of the United States strongly supports Senate ratification. While recognizing that it is less than a half century since women in the United States have gained full political equality, the council has pointed out that its affiliate organizations in 60 countries face a far different situation. The council urges Senate ratification so that women, the world over, may point proudly to the United States as they wage their own fight for political equality.

Of the 60 affiliates of the International Council of Women, 18 are in nations less than 25 years old. How can the young governments of Burma, Cameroon, and Gambia—to name a few—be expected to change centuries-old traditions without encouragement, example, and prodding?

Any nation which denies full political equality to women denies itself the benefit of a full one-half of its human resources. Let us help the younger countries to a quicker awareness of this truth by ratifying the Human Rights Convention on Political Rights of Women.

UPGRADING PROFESSIONAL STANDARDS FOR POLICEMEN

Mr. NELSON. Mr. President, Appleton, Wis., is doing its part to see to it that great strides are made in bettering the overall conditions for policemen. The citizens of Appleton have been working for 3 years to upgrade professional standards for policemen. Only through a higher degree of professionalism, they agree, can the police maintain the respect of the community while effectively enforcing the law.

The professionalizing process involves education and training. One of the best ways to achieve this, according to Mr. Gordon Myse, an Appleton citizen who is in the forefront of the leadership, "is for the city to provide educational incentive pay for policemen who take credit courses in police science at the college or vocational school level. Sending a policeman into the street without a proper education is like sending him out without his badge and gun."

I ask unanimous consent to have printed in the RECORD an article published in the Appleton Post-Crescent which profiles the important work being done in this community.

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

"PROFESSIONAL" POLICE NEEDED

It might make his job in the courtroom more difficult, but Appleton Attorney Gordon Myse would, nevertheless, like to see every policeman become a "professional."

And he's doing his part to see that it happens in the Fox River Valley.

Myse, three years ago, began representing Appleton police in wage negotiations. He started shortly after Appleton became one of the first Wisconsin cities to see collective bargaining used in setting police wages.

Today police departments in Appleton, Oshkosh, Green Bay, Fond du Lac, Winnebago County, Neenah, New London, and Clintonville are using Myse's services to get better wages, working conditions, and other job benefits.

He has contracts with some of the police associations. Others he serves on retainer or hourly-rate bases.

The young attorney assists some police agencies only with their collective bargaining. He does all the legal work for others.

CUP OF COFFEE

Myse started his move into the previously unexplored police negotiations field over a cup of coffee three years ago.

For years, Appleton, like most other cities, negotiated police contracts through their police chiefs. He was the middle man between his men and the city administration. The system had many shortcomings.

In 1966, Appleton officially recognized a five-man employer-employee relations committee of the Appleton Professional Policemen's association as the police-city bargaining unit for 1967.

Detective Richard Jirschele headed the committee. He and Myse were having coffee one day when he asked the attorney if he knew anything about labor law. Myse didn't, but he was willing to learn. The association hired him, and he became one of the first attorneys to represent a Fox Valley police agency in negotiations.

NEW RULE

Myse started learning his new role, by attending, with Jirschele, a University of Wisconsin police bargaining school in July 1966. He said he has been learning ever since.

The attorney sees himself as the "vehicle" providing an "orderly adjustment" between police and their employing municipality at contract time. Orderly adjustments, Myse said, prevent strikes which, although often used, are not legal as far as police are concerned.

Collective bargaining, Myse explained, is a skill that must be learned. Police departments without that skill and knowledge will find themselves at a disadvantage during bargaining.

Myse can "say things" during wage talks that the policeman cannot. The policeman who has arrested a city councilman for speeding and then has to sit across from him at the bargaining table is at a distinct disadvantage—as is the entire police department—Jirschele explained.

SHORT ON RATE

There are many areas of his law practice that provide greater financial returns than does collective bargaining work, Myse said. When he balances the time spent with the money earned, he said he often finds himself short of the hourly minimum bar rate.

He has both lost and gained clients in his criminal law practice because of his affiliation with police. "Any time I represent a defendant in a criminal case, I immediately disclose my relationship with police," Myse said.

He says he will fight as hard for a defendant as for police, thus he feels his police relationship does not interfere with his criminal court work.

Said Myse, "If police make a mistake by which the defendant can profit, then police must be trained so they don't make those mistakes.

GREAT STRIDES

The attorney said that although great strides have been made in bettering overall coordinations for policemen in general, much remains to be done, and the Fox Valley is no exception.

"Police have lost the respect of their community," Myse declared. They must recapture that respect.

They can do it only if a higher degree of professionalism is brought to law enforcement. And that can be possible, according to Myse, only if police wages first are hiked to a point where more qualified people are attracted.

Better wages constitute one of the most pressing needs in law enforcement, Myse said. He would like to see a $10,000 maximum salary for patrolmen. The ceiling in the Fox Valley is now about $7,500.

PRESSING NEED

Another pressing need is what Myse terms "a professionalizing process" involving education and training.

One of the best ways to accomplish this, he said, is for the city to provide education incentive pay for policemen who take credit courses in police science at the college or vocational school level.

Appleton city officials have balked at the plan which Myse said has worked well in Oshkosh, Fond du Lac, and the Winnebago County Sheriff's Department.

"Sending a policeman into the street without a proper education is like sending him out without his badge and gun," Myse explained. He terms law enforcement one of the most "complex demanding and difficult" of all fields of work.

It angers him that "some people" group police with other municipal services. They will not recognize, Myse emphasized, that law enforcement has its "special problems, special challenges and particular needs, and must be treated accordingly."

SOME DISAGREE

Some policemen in some departments do not agree with some things Myse proposes for them. He expects it. Senior officers have different ideas and goals than the younger men, but generally they all want to improve themselves, their department, and their community, Myse said. He must first attempt to establish a common ground and a united approach within the department before he can take the policeman's case to the city.

Nor do city administrations always agree with what Myse proposes. There have been problems, disagreements, and even crises. There have been no strikes in Fox Valley police departments, but there have been fact finding and mediation sessions.

But, as Myse explains it, ". . . the negotiation process is one of debate and exchange. It has to be."

And, although there has been much disagreement in the police-negotiator-administration triangle, Myse said he has seen enough agreement to give him the satisfaction of having helped law enforcement in the Fox Valley make significant gains in the past couple of years.

HO CHI MINH AND GEORGE WASHINGTON

Mr. DODD. Mr. President, the recent death of Ho Chi Minh touched off countless eulogies to him in the American press. There were some who considered him a benevolent and dedicated despot, whose virtues somehow outweighed the fact that he was a Communist dictator. Others went further and described him as the Vietnamese equivalent of George Washington and Abraham Lincoln.

Prof. John P. Roche, of Brandeis University, a former president of Americans for Democratic Action, has written a newspaper column which helps to set the record straight on the real Ho Chi Minh. Let me quote one paragraph from this column:

> If George Washington operated differently, he might have been a model for Ho. If, for example, in 1765 Patrick Henry had been found dead in a ditch with a bullet hole in the back of his neck; and in 1767 Thomas Jefferson had been found hanging from a barn rafter, an apparent suicide; and in 1771, John Adams had been found drowned in Boston harbor; and in 1775, Alexander Hamilton and James Madison—on their way to a secret meeting at Mt. Vernon—had been captured by the British—if our colonial history had been highlighted by such incidents, George Washington could have been an excellent preceptor for Ho Chi Minh.

There was a Vietnamese nationalist leader who, perhaps, deserves to be ranked with George Washington and Sun Yat-sen. But his name was not Ho Chi Minh. It was Phan Boi Chau.

According to the noted Vietnamese historian, Joseph Buttinger, Phan Boi Chau was "regarded by the French as the most dangerous among the nationalist revolutionaries."

Ho Chi Minh, whose name at the time was Nguyen Ai Quoc, got Phan Boi Chau out of the way by the simple device of betraying him to the French colonial regime. He justified this betrayal on the grounds that, first, the reward of 150,000 piasters could be put to good use by the Communist cause, and, second, that the execution of Chau by the French would create shock and resentment which the Communists could then exploit for their own purposes.

This betrayal was not an isolated incident. It was, on the contrary, part of a systematic policy of eliminating the real nationalist leadership, either by assassinating them or by betraying them to the French.

The Vietnamese scholar, Hoang Van Chi, who held several important posts in the North Vietnamese Government under Ho Chi Minh before he chose freedom, writes:

> Those who, during their stay in China, had been attracted by Nguyen Ai Quoc's propaganda and had joined his Youth League, were allowed to go home in secrecy. The rest who remain faithful . . . to the nationalist cause always found a French agent waiting for them near the Sino-Vietnamese border, armed with copies of their photographs.

The facts about Nguyen Ai Quoc's betrayal of the revered nationalist leader, Phan Boi Chau, were so well known in Vietnam that the Communist movement decided that Nguyen Ai Quoc had better disappear from the scene. The story was accordingly put out that Nguyen Ai Quoc had died, and to further the pretense there were even elaborate mourning rituals by his family.

For years after he had assumed the name of Ho Chi Minh, the fact that Nguyen Ai Quoc and Ho Chi Minh were

one and the same person was not admitted.

And when the question was raised on several occasions by people who suspected an identity between the two, Ho Chi Minh flatly denied that he was Nguyen Ai Quoc. It was only after the French had been driven from Vietnam that the Communists admitted for the first time that Ho Chi Minh was, in fact, the same person as the supposedly dead Nguyen Ai Quoc.

Ho Chi Minh, in short, had about as much in common with George Washington as Benedict Arnold did. Indeed, this is an understatement, because Benedict Arnold, prior to his final act of treason, was apparently a competent and conscientious officer, whereas Ho Chi Minh was an agent of international communism rather than a Vietamese nationalist from the very first days of his political activity.

He destroyed the nationalist opposition to the Communist Party by systematically betraying nationalist leaders to the French.

When he took power, he brutally suppressed a peasant revolt in his native province. The number of victims of this single act of repression ran into scores of thousands.

He masterminded the attack on South Vietnam which got underway in 1960; he sought to subvert the government of Laos and then openly invaded Laos; and he used the Vietcong insurrection as a training ground for terrorists and guerrillas from all over the world.

He not merely gave his stamp of approval to the inhuman terror practiced by the Vietcong against the civilian population of South Vietnam, but he personally selected the political cadres who were responsible for the application of this terror.

It is a tribute to the effectiveness of the international Communist propaganda apparatus that, in the face of all these facts, it has been able to persuade so many people in the free world to regard Ho Chi Minh as old Uncle Ho, a kindly, childloving, nationalist leader who is supposed to have been revered by his own people.

Mr. President, I ask unanimous consent to have printed in the RECORD the column entitled "Ho Had a Way of Doing His Job," written by John P. Roche.

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

HO HAD A WAY OF DOING HIS JOB

(By John P. Roche)

The death of Ho Chi Minh has touched off a lot of absurd rhetoric. One Congressman suggested he was the Vietnamese equivalent of George Washington and Abraham Lincoln, while a favorite description leaned heavily on the word "mystic."

As far as Ho's mysticism was concerned, I am not prepared to argue—provided those who use the term also would apply to Adolph Hitler, Sirhan Sirhan, and the organizers of the Spanish Inquisition.

However, I do find the analogy with George Washington and Abraham Lincoln too much to take.

Without for a second denying Ho Chi Minh's dedication, courage, and strategic genius, the stark fact is that he became the "Father of His Country" by murdering the other candidates.

The Stalinists pre-empted the cause of Vietnamese nationalism by their ruthless willingness to destroy non-Communist competition, particularly Marxist revolutionaries who rejected Moscow.

If George Washington operated differently, he might have been a model for Ho. If, for example, in 1765 Patrick Henry had been found dead in a ditch with a bullet hole in the back of his neck; and in 1767 Thomas Jefferson had been found hanging from a barn rafter, an apparent suicide; and in 1771, John Adams had been found drowned in Boston harbor; and in 1775, Alexander Hamilton and James Madison—on their way to a secret meeting at Mt. Vernon—had been captured by the British—if our colonial history had been highlighted by such incidents, George Washington could have been an excellent preceptor of Ho Chi Minh.

For this was the basis of Ho's "mystical" commitment to Vietnamese nationalism. It was brought home vividly to me a few years ago when a friend introduced me to a Vietnamese who was on the lam from everybody. At that point in time, both Ho Chi Minh and President Diem had a price on this man's head. He was an authentic Vietnamese nationalist, a one-time leader of the Cao Dai reistance to the French in the Mekong Delta. His story was incredible—but verifiably true.

In early 1947, after Ho broke with the French, the top leadership of the Viet Minh (which then had substantial non-Communist forces) allegedly was called to a meeting near Hanoi.

The word came to Dr. Xuan (a pseudonym) and he set out on the long, dangerous journey. Shortly before he reached the secret meeting place, French security agents seized him. French intelligence officers told him he had been betrayed by the Communists and tried to get him to sing. He thought it was a trick, refused to reveal anything even under torture, and was sentenced to death.

On the day of his execution, a French officer appeared with a squad of Senegalese. The French officer looked at him and suddenly called him by his real name. They had been classmates and friends at the famed Ecole Polytechnique in Paris!

The officer instructed him quickly: "Everything is chaotic around here; we will march you down towards the place of execution. When we reach a certain corner I will distract the soldiers and you take off. Good luck."

To make a long story short, he escaped, and keeping what the French intelligence officers had told him in mind, made no contact with the Viet Minh. Later in Paris he met others who told him there had been no meeting, that he had been deliberately led into a trap.

One of those who had set the stage now was himself a refugee from General Giap's secret police (Giap was then Minister of the Interior); he had been denounced as a "Trotskyite."

The best estimates are that in 1946–47 about 10,000 key non-Stalinist Vietnamese nationalists were murdered. When it came to being the Father of His Country, Ho Chi Minh took no chances on paternity suits.

And what makes the New Left acclaim for "Uncle Ho" savagely ironic is that they are precisely the sort of undisciplined, unreliable, talky types who were featured on the execution lists as "Trotskyites."

In pragmatic terms, however, one has to hand it to Ho: after 1947, he had very little trouble with his intellectuals.

PUBLIC HEARINGS, TAX REFORM ACT OF 1969—SUMMARY OF TESTIMONY

Mr. LONG. Mr. President, today the Senate Finance Committee received testimony concerning those provisions in the House-passed tax reform which amend the tax treatment of physically handicapped people, treble damage awards, the foreign tax credit, and foundations. Additionally, testimony was received by a number of distinguished individuals on the bill in general.

So that Senators might follow the progress of these tax reform hearings, I ask unanimous consent that the attached summary of the testimony be printed in the RECORD.

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

WITNESSES

HONORABLE TED STEVENS, UNITED STATES SENATOR, STATE OF ALASKA

General

States that the House bill does not deal with several important inequities, and that he has introduced several bills that would help to correct these deficiencies. Proposes that the personal exemption be raised from $600 to $1,000, that it be increased in those areas of the country where the cost of living exceeds the national index.

Proposes a deduction for funeral and burial expenses to the extent that they exceed 3 percent of adjusted gross income.

Proposes the removal of the restriction which presently limits deductions for care of dependents of working mothers to taxpayers whose combined husband-and-wife earnings are less than $6,500.

Believes that provision should be made for the employee whose employer does not provide a qualified pension plan, so that the employee may be treated as a self-employed person. Suggests, also, alteration of the tax treatment of lump-sum distributions from retirement funds.

Points out an equity in present Revenue Service practices whereby the Service is not required, and does not in practice, notify the county or burrough recorder to remove a lien (after the taxpayer has paid the taxes which resulted in the lien) which it has recorded.

Favors present tax treatment for the oil and gas industry, and states that we are at a time when the reduction of these incentives could do irreparable harm not only to Alaska—which would most certainly suffer severely if the House proposed changes in this treatment were enacted—but also the entire nation.

HONORABLE WRIGHT PATMAN, UNITED STATES REPRESENTATIVE, STATE OF TEXAS

Private tax-exempt foundation

Strongly endorses provisions of H.R. 13270. Requests that provisions affecting private foundations not be weakened.

Questions why so many private foundations are established. Indicates that many huge family fortunes have been continued in perpetuity through private foundation control of businesses. States that it is not known how much tax revenue is lost by tax avoidance through private foundations. Points out that there is a need for more public information on the operations and activities of these foundations.

Makes the following recommendations derived from the study conducted by the Subcommittee on Foundations:

(1) Consideration should be given to a limitation of 25 years on the life of foundations.

(2) Prohibit engagement in business directly or indirectly.

(3) Ban commercial money lending and borrowing by foundations.

(4) Prohibit self-dealing.

(5) Prohibit foundation or donor solicitation of acceptance of contributions from suppliers or users of goods or services.

(6) Limit foundation ownership of a business to 3 percent of the stock of a corporation and not allow a vote of the stock.

(7) Establish standards with respect to foundation behavior in a proxy fight.

(8) Regulate trading and speculation in securities.

(9) If the donor controls the foundation, disallow the deduction until the foundation actually uses the money for charity. Income earned by the foundation should be taxable to the controlling contributor until used for charity.

(10) Exemption be denied if a foundation is formed for tax avoidance purposes or for financial benefits for the contributor. Disallow a contribution by a controlled corporation.

(11) Treat gifts to private foundations at the cost or value, whichever as lower.

(12) Provide that contributions made by subchapter S corporations be attributable to the shareholders so that an extra 5 percent deduction is not allowed.

(13) For the purpose of figuring the accumulation of income, all contributions and capital gains of the foundation should be considered as income, not capital.

(14) For the purpose of computing the accumulation of income, amounts unreasonably accumulated in corporations controlled by a foundation should be added to the foundation's direct accumulation as if the two were one.

(15) Corporations controlled by foundations should be subject to the unreasonable accumulation earnings tax.

(16) With regard to gift and estate taxes: (a) exclude from the base for the marital deduction amounts left to foundations that are untaxed and (b) the gift and estate tax rate brackets to be applied to taxable amounts should be the same as if the foundation amounts were part of the taxable gifts or estate.

(17) Consideration should be given to a regulatory agency for supervision of tax-exempt foundations.

(18) Review extensively every application for tax exemption.

(19) Make public all matters relating to the granting or denial of tax exemption, foundation tax returns, and provide a registry of all foundations.

(20) Require disclosure of foundation expenditures for instigating or promoting legislation or political activities (or paid to other organizations) and to TV, radio, and newspaper advertising.

(21) Require description of all activities of foundation.

(22) Expand program for auditing returns of foundations.

(23) Impose stiff penalties and revoke tax exemption for improper or insufficient reporting.

(24) Assess a reasonable tax on foundation income.

Indicates that from 1951–1967 about 50 percent of foundation receipts were distributed for contributions, gifts, and grants. Contends that proposed 7½ percent tax on net investment income will not impair philanthropic activity.

Suggests that foundations could be more efficient in their operations to reduce administrative expenses. States that there are problems other than tax matters which require scrutiny, e.g., SEC, anti-trust, conflict of interest, etc.

HONORABLE CHARLES A. VANIK, U.S. REPRESENTATIVE, STATE OF OHIO

General

Endorses the principal provisions of the House bill. Indicates that decisions of the House Ways and Means Committee were made calmly and deliberately and in substantial response to the overwhelming mandate which each member of the Committee received from their constituencies. States that the House bill is in many cases only a soft touch on tax privilege instead of the heavy hand that he would like to see. Indicates that those who criticize the efforts to impose a minimum tax on the wealthy must find another way of accomplishing this goal.

Tax treatment of natural resources

Indicates that the small reduction in the depletion allowance enacted by the House was the minimum the taxpayer would accept. Believes that there can be no tax reform without some reduction of oil tax privileges. Points out that nothing was done about intangible drilling costs, accounting proceeds, and several other devices to spare oil taxation. Believes that the oil industry should be able to assume this taxation without threats to increase consumer prices.

Supports the provision in the House bill removing foreign oil depletion. States that there is no rational legislative reason for extending the privilege of the depletion allowance to foreign produced oil.

Personal exemptions

Suggests that from projections of tax receipts which he has seen, that it would seem feasible to increase the personal exemption at the rate of $100 per year per dependent for the next 4 years until the dependency allowance reaches $1,000 per dependent.

Simplification of tax return and payment procedures

Points out that one major objective of tax reform in the House bill which was not achieved is the critical need for simplification of tax returns and payment procedures. Believes that for the individual taxpayer there is a need for a simplified appeal provision.

HON. GEORGE A. SMATHERS, ON BEHALF OF MANUFACTURERS HANOVER TRUST COMPANY AND MORGAN GUARANTY TRUST COMPANY OF NEW YORK

Debt securities held by banks

Opposes provision to tax net gain on bonds as ordinary income. States that it is not in the public interest at this time to discourage financial institutions from acquiring bonds. Feels that the pendency of the House bill already has had an adverse impact on the demand for long-term issues and has had the effect of reducing the already low liquidity of the banking system.

States that modification of the present treatment of gains realized by banks on debt securities will increase the difficulty of the Treasury and state and local governments in issuing securities and consequently will tend to increase the cost of such financing. Feels that there continue to be valid public policy objectives for maintaining the present non-parallel treatment of gains and losses.

If, despite the above considerations, the Congress sees fit to adopt the proposal embodied in the House bill, submits that such change should be made effective only with respect to bonds or debt securities purchased after the effective date. States that the present treatment was designed to encourage banks to perform the important functions of providing a market for governmental and corporate securities, therefore, it is inequitable that the current holdings of debt securities of banks which were purchased in the light of this favored tax treatment should not continue to enjoy such favored treatment.

Bad debt reserves

Believes it is not wise to limit bad debt reserves to relatively recent experience and thus ignore the impact of a possible future decline in the economy. If such change is to be adopted, then it seems inequitable to freeze the base year balances, as proposed under section 441 of the bill, in the case of banks who have not yet reached the 2.4 percent limit currently permitted and who are in mid-stream in a catch-up formula provided for by Internal Revenue Service rules currently in effect.

Lump sum distribution from profit sharing funds

Opposes the provision which would eliminate capital gains treatment of lump sum distributions from profit sharing funds. Contends that the proposed averaging treatment is too complex requiring recomputation and refund claims by small taxpayers. Submits that the fairest and simplest method for averaging lump sum distributions from funds that have been built up over many years is the present capital gains treatment long permitted by the tax law.

GENERAL

SCOTT P. CRAMPTON, CHAIRMAN, SECTION OF TAXATION, AMERICAN BAR ASSOCIATION

General

States that the tax section believes that the bill makes many desirable reforms in the Internal Revenue Code. Points out, though, that to conserve time the report is limited to comments on problems of statutory draftsmanship, undue complexity in the structure of the tax law, and alternative methods of accomplishing the same general objectives.

Since this statement is of a very technical nature, the following summary will highlight the major points.

Retroactivity

States that retroactivity is determined with reference to the date upon which the amendment becomes law. Points out that it is recognized that in some cases publicity of a proposed amendment may induce taxpayers to take advantage of an existing loophole. Believes that the foreclosure of such last-minute tax avoidance is considered less important than the preservation of the principle that a taxpayer may rely upon an existing statute in planning his affairs. Urges that the principles be applied to the fullest extent possible in this bill.

Private foundations

Recommends that the 7.5 percent tax on investment income be replaced by a tax which would raise only the amount necessary to administer an audit program for private foundations. Recommends that the tax be an excise tax on receipts from all sources instead of an income tax on net investment income.

Maintains that the tax on termination of private foundation status is highly complex and contains serious procedural difficulties. Requests consideration of provisions permitting a foundation to terminate its exempt status by transferring its assets to an exempt public charity. Recommends that if termination is required by the Treasury, the tax be abated pending action by the State to transfer the assets to a charity. Proposes a penalty of 100 percent of the assets if the State does not act.

States that the requirements of section 508(g) that the governing instrument of a foundation contain certain provisions is unnecessary and would impose undue hardship on many foundations.

Argues that the 5 percent current minimum pay-out requirement should be reduced because of the tax on investment income, or the tax should be included as a qualifying distribution.

Contends that section 4942 (the minimum pay-out provision) requires too many determinations to be made by the Secretary or his delegate, and suggests that the statute be more specific.

Recommends consideration be given to deleting the 2- and 5-year requirements for disposition of excess business holdings. Argues that they serve only to evidence the good faith of the foundation in commencing disposition, and in the case of closely held stock it may not be possible to dispose of a small part of the excess holdings.

States that the 100 percent penalty imposed on investing assets in such a manner

as to jeopardize the carrying out of the foundation's exempt purposes may be unduly harsh. Implies that the penalty should only be imposed to the extent of the loss resulting from such investment. States that consideration should be given to excluding from the term "substantial contributor" persons related to the substantial contributor if the contribution was made more than ten years earlier. Also, recommends considering, for purposes of self-dealing, elimination of substantial contributor status after ten years.

States that the penalty imposed for repeated, willful or flagrant acts seem too onerous both in circumstances of its application and in amount.

Contends that the amendment to section 6033(b)(5) is an unnecessary invasion of the privacy of charitably inclined individuals and might cause donations to be curtailed, although it appears to serve no substantial tax purpose.

Other tax exempt organizations

Suggests that there be a parity in the rate of tax imposed on unrelated business income of exempt corporations and exempt trusts. Recommends that the rate applicable to trusts be imposed on corporations also.

Recommends that gains from the sale or exchange of property used to carry out exempt functions should not be taxed to social clubs and certain other membership organizations under the proposal taxing the investment income of these organizations in certain circumstances.

Contributions of income interests to charities

States that where a donor transfers his entire interest in property irrevocably and retains no reversionary interest, there is no sound reason for disallowing a deduction for a gift of an income interest to charity.

Contributions of a partial interest in property

States that the House provisions with respect to such contributions appears broader than intended, and suggests the effect of provision may be to deny contribution deductions for outright gifts of undivided interest in property as well as of legal life estates or remainders unless all other interests in the property also are contributed.

Contributions of appreciated property

States that if the abuse sought to be corrected by the House provisions occurs primarily in connection with charitable contributions of ordinary income property, such as inventory, then it should be noted that the House bill requires recognition of gain in a number of situations not falling within the area of such abuse.

Bargain sales to charities

States that there seems to be no valid reason to differentiate between bargain sales to charities and bargain sales to other donees—believes where the donor is willing to make a gift to charity of the difference between the fair-market value of the purchase price, he should receive the full tax benefit.

Charitable remainder trusts

States that the basis for the House provisions dealing with such trusts is that the value of the remainder can be wiped out, and suggests this is questionable because trustees are bound by State law to protect the remainderman's interest, State attorneys-general increasingly exercise supervision, the remainderman itself can protect its interest, and even with a unitrust or annuity the remainder could be destroyed by bad investment.

Estate and gift tax deductions for income interest, charitable remainders, or other partial interests in property

Sees no reason why either a charitable income interest or a charitable remainder after a normal life estate should not continue to be allowed as an estate or gift tax deduction. States that aside from an outright transfer, such a remainder is the most common form of charitable bequest or gift. Believes Congress should not arbitrarily restrict the estate and gift tax to two limited and novel forms of charitable remainder trusts—it would be unreasonable to force testators and settlors into the defined annuity or unitrust arrangement.

Farm loss provisions

Indicates they are not convinced that the problem which the House provision seeks to correct with respect to farm losses is sufficiently greater to justify such complex legislation. Adds, however, if it is, then the House approach is more acceptable than attempts to deal with and by other means, such as tampering with the timing of losses and gains as proposed in earlier legislative drafts in this area.

Hobby losses

States that the House proposal appears to contain so many technical deficiencies that they suggest consideration be given to a complete redraft. As an example, notes that the present provision would apply not only to the traditional "hobby" but also to the normal profit-seeking business and investment activities, including all estate operations, equipment leasing, and oil and gas development and exploration.

Limitations of interest and investment indebtedness

States that the House bill is not clear as to the order in which the $25,000 limitation, and the net investment income and the long-term capital gains provisions are applied against the investment interest. Believes the order of application is important since it affects the amount of the deduction and the consequent amount of the tax.

Limit on tax preferences—Charitable contribution of appreciated property

Suggests that the term "excess of fair market value over basis" be used in place of "appreciation in value of property" since it is more precise and would avoid introducing a new and undefined term into the Code.

Limit on tax preferences—Accelerated depreciation

Questions whether this item continues to constitute a tax preference in view of the revisions made in accelerated depreciation recapture. States that if accelerated depreciation is retained as an item of tax preference, the recapture rule under the House bill should be changed to provide for a correlative reduction of the amount of recapture as ordinary income on disposition. Argues that the treatment of these items as tax preferences will extensively complicate both the preparation and the audit of tax returns.

Adjustments for disallowed tax preferences

States that under present tax rates, it will be possible for a tax payer to realize a greater tax reduction in one or more of the five carryover years than the increase in tax attributable to inclusion of dissallowed tax preferences in gross income in the earlier taxpayer year. Conversely, a taxpayer having an amount of other taxable income in the later year less than the disallowed tax preference carried forward would receive a tax reduction in the later year significantly lower than the effective tax cost of the disallowed tax preference. Points out that in some cases the income averaging provisions of the Code would reduce the effective rate of the tax reduction attributable to the carryover adjustment below the effective tax cost of the disallowed tax preference in the earlier taxable year, but this would not be true in all situations.

Suggests that this problem could be avoided in large part by providing that the carryover, instead of giving rise to a reduction, would give rise to a credit for taxes paid in the later year equivalent to the amount by which the preference year's tax was increased by reason of the amount for which the bill now would allow a deduction.

Allocations of deductions

Maintains that the enactment of the House bill would adversely affect thousands of taxpayers since the time consuming adjustments called for by this section would apply, or figures would have to be assembled to determine whether they would apply, every year. Suggests that in view of the universal desire for *simplification* of the tax laws, the desirability of a provision which will substantially complicate the return and record-keeping requirements of a large number of taxpayers appears to be open to question.

Allocations of deductions—Application to estates and trusts

Suggests that the application of the allocation provisions to estates and trusts is not clear and that further clarification of the impact of this provision on present law would appear to be desirable.

Allocable expenses—interest

States that it seems improper to disallow deduction of interest payments under section 265 of the code because they are related to tax-exempt interest received and at the same time to allocate some of the taxpayer's *other* interest payments in part to the same taxexempt interest. Furthermore interest that is specifically attributable to carrying income producing property should be excluded from the numerator of the "section 277 fraction" just as interest paid or incurred in the conduct of a trade or business is excluded under the proposed section of the House bill.

Allocable expenses—taxes

Believes it is improper to allocate any taxes which are incurred on taxable income, such as compensation or taxable investment income, of which are imposed on income producing property, between taxable and tax-exempt income.

Allocable expenses—charitable contributions

Maintains that the inclusion of charitable contributions in the list of allocable expenses presents a serious policy question. Points out that under this provision an individual who has tax-exempt income would receive a lesser tax benefit from an identical charitable contribution than an individual who has no tax-exempt income. States that the inclusion of charitable deductions in "allocable expenses" will undoubtedly cause many individuals who have previously made substantial gifts of appreciated property to stop making such gifts.

Interest on certain governmental obligations

Recommends that the change takes into account tax exempt interest for purpose of allocation of deductions should apply only to obligations issued after the date of enactment.

Depletion and intangible drilling and development costs

States that computation of cost depletion requires an estimate of recoverable reserves and that this section will require individual taxpayers claiming percentage depletion to compute cost depletion with the attendant engineering expenses.

Suggests that this burden be removed by giving the taxpayer an option to compute cost depletion or amortize his cost over a 10-year period. Maintains that this procedure would achieve the objective of the House bill while relieving the taxpayer of an expensive cost depletion computation.

Income averaging

Suggests that consideration might be given to permitting averaging the excess over 100 percent of the average base period taxable income, provided the $3,000 test is met.

Restricted property

States that this provision of the House bill raises serious problems for a closely held corporation. Points out that such a corporation must offer one or more key employees a greater equity interest than may be made available through a qualified stock option plan. But because of the practical problems involved in the disposition of stock by minority stockholders can do so only with substantial restrictions on transferability of the stock. Indicates that this provision in the bill will expose such employees to the receipt of substantial amounts of ordinary income in one year.

Accumulation trusts, multiple trusts, etc.

States that in an attempt to remedy the tax avoidance that results from multiple trusts, this provision in the bill extends much further and covers all accumulation trusts. Points out that the administration of the statute would be a tremendous burden. Suggests the retention of the $2,000 exemption to greatly alleviate administrative problems.

Debt-financed corporate acquisitions and related problems

Believes that section 411 (interest on indebtedness incurred by corporations to acquire stock or assets of another corporation) would represent an unwise addition to the tax law because of the section's limited coverage, the likelihood that it would contribute little toward accomplishment of its major purpose, its lack of coordination with other provisions of the code, the possible implications which might arise from the provision with respect to situations not covered, and its bewildering complexity, appear to outweigh the limited benefits likely to result from it in correcting a few cases of abuse.

Doubts that there is any significant abuse of the installment method which the amendments would correct. Recommends that if these provisions are adopted, the effective date should be changed to exclude sales made prior to the date of enactment of the bill or pursuant to contracts made prior thereto.

Feels that the revenue considerations involved would not seem to justify the hardships that the proposals on bonds and other evidences of indebtedness would create for bondholders and issuers or the considerable additional complexity introduced into the Code.

Stock dividends

Recommends that modification of section 305 be deferred and be made a part of and integrated with a more comprehensive technical revision of subchapter C of the Code.

Foreign tax credit

Feels that it is questionable whether in light of the general purpose of the foreign tax credit provisions to relieve the international double taxation on a unilateral basis, it is an appropriate implementation of this intent to limit the foreign tax credit in cases where the foreign loss is not taken into account in computing the foreign tax in later years.

States that the special provision permitting a U.S. taxpayer to elect to return to the per country limitation without consent of the Secretary or his delegate seems unduly restrictive in that the election must be made with respect to the first taxable year beginning after the date of enactment of the bill, whether or not the taxpayer in fact has foreign mineral income in that year. Feels that authorization to make such an election without consent, could equitably be extended to the first year, after enactment of the bill, in which the taxpayer receives any "foreign mineral income."

Depreciation allowed regulated industries; earnings and profits adjustment for depreciation

Recommends that the ambiguity regarding what constitutes earnings and profits should be resolved by either a change in the language of the provision or an appropriate statement in a committee report. Recommends that the "income tax basis" rather than the "earnings and profits basis" should continue to be used for corporate distributions under section 301(b)(1)(B)(ii) and the other provisions of section 301. Suggests that the purposes of section 312(m) would be adequately accomplished by providing that the straight line depreciation shall be calculated without regard to salvage value.

States that if computations of the earnings and profits of a foreign corporation required to be made under section 902 are to be affected by the proposed amendments to section 312, this will effect a dramatic change in the amount of foreign taxes allowed as a credit. Points out that foreign countries allow depreciation to be taken into account for tax purposes at accelerated rates; if the foreign corporation's earnings and profits are to be determined by taking depreciation only on a straight line basis, the effect will be to increase markedly the earnings and profits of the foreign corporation and thus increase the denominator of the portion of the foreign taxes available for credit resulting in a marked decrease in the available foreign tax credit under section 902.

Percentage depletion

Indicates that the disallowance of percentage depletion on foreign oil and gas is inconsistent with treatment allowed other minerals.

Suggests definitions for "economic interest" and "mineral production payment."

Repeal of alternative capital gains tax

Argues that the effective date is unfair for those with bona fide transactions which were not completed until after the effective date.

Distributions from pension plans

Suggests clarification of the term "benefits accrued" in the bill. Proposes that the effective date of the repeal of the alternative capital gains rate not apply to lump-sum distributions with respect to benefits accrued prior to 1970.

Real estate depreciation

States that the definition of "low-cost rental housing" is inadequate.

Subchapter S corporations

Recommends that the $2,500 limitation under H.R. 10 be removed, thus it should not be included for subchapter S corporations. Argues that the proposal to limit subchapter S owner-employee contributions to pension plans to the present H.R. 10 limitations adds further complexity to the difference between partnership and subchapter S corporations, and that it would require extensive revision of existing plans of subchapter S corporations. Notes that the proposed 5-percent stockholder rule appears inconsistent with the 10-percent limitation in H.R. 10.

Amortization of pollution control facilities

Doubts that the language of the bill would allow the additional first year depreciation under section 179 of the Code even though the facility is amortized under section 168 of the Code.

States that pollution control facilities should more properly be classified as "section 1250" property rather than "section 1245" property. Feels that investment in pollution control facilities in existing plants should also be given the tax incentive. Indicates that new section 168 neither defines "adjusted basis" nor specifies the treatment to be accorded to capital additions to qualifying property.

Fifty-percent maximum rate on earned income

Indicates that the definition of "earned income" excludes deferred compensation, and that this seems to be an unwarranted discrimination against deferred compensation.

DONALD GLEASON, NATIONAL ASSOCIATION OF MANUFACTURERS

General

Criticizes the adverse effect of the bill on capital formation, particularly the combination of the repeal of the investment credit with the changes in the capital gains taxation, restriction of depletion on real estate, and changes in the tax treatment of natural resources.

Tax rates

Recommends cutting the corporate tax rate at least 5 percentage points over a five-year period ending in 1976.

Capital gains

Opposes the increase in the corporate capital gain rate, arguing that it would raise the rate to substantially more than half of the regular 48 percent corporate rate.

Opposes the elimination of the 25 percent ceiling on the individual capital gain rate.

Recommends a reduction in the capital gain rate for assets held for long periods, such as ten years.

Lump sum pension plan distributions

Opposes the provisions of the bill dealing with lump sum pension distributions. Contends that the present law works well in reflecting the long period of accumulation of benefits under qualified plans. States that no showing has been made that present law has been abused. Argues that the proposal is extremely complex, and that the five-year averaging device is inadequate.

Recommends that lump sum distributions be included in the 50 percent ceiling on earned income.

Deferred compensation

Opposes the deferred compensation provisions, contending that they will be extremely complex and difficult to administer, and that they do not recognize the legitimate uses of deferred compensation plans.

Proposes inclusion of deferred compensation in the 50 percent ceiling on earned income.

Real estate depreciation

Urges rejection of section 521(a) to insure that accelerated depreciation methods will continue to apply to industrial real estate.

Natural resources

Opposes reduction in depletion rate for oil and gas and other minerals, contending that the existing rates, as well as current deductions for research, development, and exploration, are necessary for the discovery and development of new mineral deposits.

Foreign tax credit

Opposes the limitations on the foreign tax credit imposed by sections 431 and 432. Recommends liberalizing the requirements for the indirect credit, and revision of the treatment of the surcharge in computing the foreign tax credit limitation.

Moving expenses

Approves the inclusion of "indirect" expenses as deductible moving expenses, but recommends further liberalization, including the elimination of the dollar limitations. Argues that all reimbursements and allowances for reasonabe expenses and losses actually incurred should be excluded from income and to the extent not reimbursed should be be allowed as deductions. Opposes extension of the 20-mile test to 50 miles.

Cooperatives

Approves the 50 percent pay-out requirement for cooperatives, but feels that the phase-in period is too long. Approves the 15-year pay-out requirement but recommends reducing the period at least to five years.

Pollution control

Advocates accelerated amortization of air and water pollution control equipment, up to and including immediate write off, plus a liberal tax credit. Approves the provision in the bill as a step in the right direction. Recommends deletion of the dual certification requirement and of the provision giving the Federal Government authority to promulgate minimum performance standards.

Corporate mergers

Recommends that the provision disallowing deduction of interest on certain bonds issued in connection with the acquisition of a corporation not be applied where there is a binding commitment prior to May 27, 1969, the effective date of the provision.

Transfers of franchises

Recommends that secret processes be treated like patents, trademarks, or tradenames.

Treble damages in antitrust actions

Opposes S. 2156 and S. 2631, which would overturn Rev. Rul. 64–224, holding that amounts paid in satisfaction of treble damage damage claims are deductible as ordinary and necessary business expenses.

WALKER WINTER, VICE PRESIDENT, CHAMBER OF COMMERCE OF THE UNITED STATES

General comments on the bill

Supports the following provisions:

(1) Increase in the standard deduction, as providing a degree of simplification for a large number of taxpayers.

(2) Reductions in tax rates of individuals. Recommends reduction in corporate tax rates to avoid shifting the burden of taxation.

(3) The 50 percent maximum tax rate on earned income. Recommends applying this rate to all personal income.

(4) Liberalization of moving expense deductions. Recommends elimination of the dollar limitations, and reconsideration of the 50-mile limitation.

(5) Repeal of the unlimited charitable contribution deduction.

(6) The *Clay Brown* provision extending the unrelated business income tax.

(7) Liberalization of the income averaging provisions.

Opposes the following provisions:

(1) Extending the capital gains holding period and increasing the rate, as seriously impairing the flow of needed investment capital.

(2) Limiting the use of accelerated depreciation on real estate, as harmful to an industry vital to our economy.

(3) The interest subsidy option for State and municipal bonds, as the first step towards dependence on Federal subsidy.

(4) The provisions of the bill relating to deferred compensation, restricted stock, and lump sum distributions.

(5) Taxing the advertising income of exempt organizations.

(6) The excess deductions account. Argues that it is too complicated an approach to the problem of farm losses.

(7) The limit on tax preferences and allocation of deductions. Argues that these provisions are exceedingly complex and that the problems dealt with indirectly in these provisions should be dealt with directly, if necessary.

Makes the following additional proposals:

(1) Depreciation reform, including the incorporaiton of depreciation rates and allowances into the law, and elimination of the reserve ratio test.

(2) Rejection of efforts to make anti-trust treble damage payments nondeductible.

(3) Rejection of recommendation that nonbusiness state gasoline taxes be made nondeductible.

SAUL PEARL, PRESIDENT, MACHINERY DEALERS NATIONAL ASSOCIATION

Incentives for small business

Concerned with the failure of H.R. 13270 to include tax revisions which would assist small businesses. Recommends that the bill be amended to either provide direct incentives for small businesses or in the alternative to include reforms of the depreciation tax structure.

Recommends that direct incentives include:

(1) Limited reinstatement of the investment credit applicable to the first $100,000 of purchases of both new and used equipment.

(2) A reduction in the normal corporate tax rate from 22 percent to 20 percent on the first $25,000 of taxable income.

Suggests that depreciation reforms should include:

(1) Elimination of the reserve ratio test.

(2) Elimination of the requirement that the taxpayer's annual deduction for depreciation be limited by the salvage value of the asset.

(3) An increase in additional first year depreciation allowance provided by section 179 for small businesses from the present $10,000 ceiling to a more realistic level of at least $25,000.

(4) More rapid write offs for new and used equipment.

HAROLD KETELHUT, FREEPORT, ILL.

Tax-exempt organizations

States that political activities of all tax-exempt organizations should be curbed—including the political activities of tax-exempt labor unions. Resents the fact that the United Auto Workers uses his dues money in efforts to defeat political candidates that he supports. Believes that the preservation of tax loopholes for unions that spend their members' dues for political action would be a great injustice to the working people of this country. Believes that it is unfair to deny a tax exemption to one organization on the basis of its political activities and allow the political activities of another tax-exempt organization. Urges that a tax exemption be denied to all organizations which use any part of their income for any kind of political activity.

MRS. J. M. FORD, LAWRENCE, KANS.

Tax on unrelated business income

Objects to the failure of the House bill to propose a tax on the unrelated income of labor unions.

Also objects to the favored treatment unions receive with regard to political activities. Points out that the bill will impose a severe tax on tax-exempt foundations if any of their money is used for any kind of political program—including voter registration campaigns. However, the bill does not tax labor unions if they spend money for voter registration drives or other political activities.

Questions the validity of the national AFL–CIO president's request for "tax justice," when workers are required to pay dues to a tax-exempt union that spends this money to elect political candidates the workers are against.

Objects to union dues being used to elect politicians who are favored by the union officials against the members' wishes.

TAX TREATMENT OF PHYSICALLY HANDICAPPED

EDNA ANISH, EXECUTIVE SECRETARY, OPEN DOORS FOR THE HANDICAPPED

Tax treatment of the physically handicapped

Urges enactment of an additional $600 exemption for the orthopedically handicapped. Maintains that the average income of the orthopedically handicapped person is $3,400 annually, only slightly above the poverty level. Argues that special employment and personal expenses, such as the additional cost of transportation, housing, domestic help, special equipment and custom-made clothing reduces his income to the poverty level, yet he must pay substantial taxes.

MAX LUPKIN, EXECUTIVE SECRETARY, THE JOINT HANDICAPPED COUNCIL

Additional exemption for the handicapped

Urges the enactment of H.R. 424 (Mills) and S. 1069 (Javits) which provide a $600 tax exemption for income tax purposes in the case of a severely orthopedically handicapped taxpayer suffering from a 40 percent or more loss, or loss of use of one or more extremities. Indicates that these bills also allow deductions of up to $600 for special transportation expenses in going to and from work.

Believes that the enactment of these bills will enable hundreds of thousands of rehabilitated, employable handicapped to go to work and pay taxes instead of remaining on the welfare rolls. Indicates that these bills are intended to include severely disabled employable veterans of present and past wars as well as those employed and employables who have been severely handicapped by disease, amputation and other causes.

TAX TREATMENT OF TREBLE DAMAGES

H. FRANCIS DELONE, CHAIRMAN, CLAYTON ACT COMMITTEE, SECTION OF ANTITRUST LAW, AMERICAN BAR ASSOCIATION

Deductibility of treble-damage payments

Opposes legislation to make nondeductible payments in satisfaction of private antitrust treble-damage claims or actions because:

(1) Such claims or actions are remedial, not punitive. Payments to satisfy them are "ordinary and necessary expenses" deduction for which should be allowed since such deduction does not "frustrate sharply defined national" policy.

(2) The tax laws should not be manipulated to achieve, indirectly, antitrust goals which can and should be achieved directly through the antitrust laws and amendments to them.

(3) Similar payments are deductible.

(4) The antitrust laws are necessarily imprecise; their interpretation depends on complex and difficult economic analysis, allowing a wide range of culpability, so that inequities will result from any blanket rule of nondeductibility of such payments.

(5) The proposed legislation creates possibilities of double taxation and, perhaps, windfall tax treatment, and would contribute to further court congestion.

(6) The proposed legislation raises problems of retroactivity and ex post facto application which cannot be justified on the basis of any claimed deterrent effect.

Opposes any amendment of the Internal Revenue Code which would disallow in whole or in part the deductibility of treble-damage payments. Concludes that such payments, arising as they do in the context of a civil action based on business conduct, should continue to be deductible in their entirety as ordinary and necessary business expenses under section 162 of the Internal Revenue Code.

FOREIGN TAX CREDIT

DR. N. R. DANIELIAN, PRESIDENT, INTERNATIONAL ECONOMIC POLICY ASSOCIATION

General

States that the current controversy over tax reform started with the proposal to extend the 10 percent surcharge and that one of the primary purposes for the surcharge was to reestablish confidence abroad in the U.S. dollar. Believes that it is important to suggest ways in which the balance of payments of the United States may be improved

by means of appropriate tax treatment of foreign trade and investment. States that it is necessary to encourage rather than discourage profitable investments abroad, because the United States will ultimately become the beneficiary of the earnings and such benefits. Suggests the elimination of unnecessary hindrances to the expansion of this most important source of income.

States that a number of specific suggestions on this matter are to be submitted for the record.

ROBERT T. SCOTT, VICE PRESIDENT, NATIONAL FOREIGN TRADE COUNCIL, INC.

General

Opposes all of the provisions in the House bill relating to foreign source income. Indicates that alleged loopholes in the present foreign tax credit provisions do not exist. Believes that the enactment of the provisions in the House bill relating to foreign source income would create undesirable precedents for the future. Points out that it has been a long-standing principle of the United States that its nationals are taxed on worldwide income. Indicates that the credit for foreign income taxes imposed on foreign source income has worked well in the past to prevent double taxation and to protect the United States tax property payable on U.S. source income. Believes that the foreign tax credit provisions should not be further restricted by adding complex sections which will only add to the growing uncertainty of the tax burden that must be undertaken by our nationals willing to venture abroad.

Per country limitation restrictions

Recommends that this section be deleted from the House bill. States that this provision would depart from the principles of tax neutrality and would complicate the conduct of foreign operations. Indicates that this recapture provision would penalize nationals conducting operations in underdeveloped nations or risk areas where the possibility of loss from nationalization or expropriation is greatest. States that a loss is a loss whether it is incurred in the United States or in a foreign country and a national, taxable on worldwide income, should not be deprived of the tax effect of such an allowable deduction.

Separate mineral income limitation

Points out that the Treasury has proposed that the provision as contained in the House bill should not be adopted, and recommends that excess foreign tax credits resulting from the allowance of percentage depletion by the United States should not be available against other foreign income.

Concurs with the Treasury recommendation that this provision not be enacted, but opposes the Treasury's alternative.

Points out that this provision would segregate and fragmentize income from foreign operations and apply United States tax on a per item basis rather than treat such income either worldwide or from a particular country, as a unit. States that this provision and the Treasury recommendations complicate already complex tax laws without justification for such a departure in the taxation of foreign source income.

Percentage depletion on foreign oil and gas production

Recommends that this provision in the House bill which eliminates percentage depletion on foreign oil and gas production be deleted from the bill. Indicates that this provision discriminates more heavily against the foreign operations of one particular industry than it does from the domestic operations of the same industry.

Agrees with the Treasury recommendation that this provision should not be enacted with respect to foreign oil and gas production but does not believe that the Treasury's alternative to limit foreign tax credits allowable on a specific type of foreign business income is sound or equitable.

Tax status of the Continental Shelf

Recommends that the tax status of the Continental Shelf be clarified along the lines of the Treasury proposal. Believes that the definition of the Continental Shelf adjacent to a foreign country should clearly include any portion over which the foreign country exercises jurisdiction to grant licenses or permits to conduct operations.

Earnings and profits of corporations

Opposes the enactment of this provision in the House bill. States that if it is enacted, its application should be limited to the distribution of tax-free dividends. Indicates that, in any event, this provision should not apply to the determination of earnings and profits for purposes of computing foreign tax credits, minimum distributions, or when such determination is otherwise required under section 964 of the Code.

Moving expenses

States that this provision in the House bill should be liberalized to eliminate the $2,500 limitation with respect to moving expenses incurred in connection with overseas assignments.

Foreign deposits in U.S. banks

Opposes the enactment of this provision, but suggests that the favorable treatment afforded foreign deposits in U.S. banks should be made permanent and not merely extended throughout 1975 to avoid the continual threat of withdrawal of foreign funds from U.S. banks.

WILLIAM J. NOLAN, JR., UNITED STATES COUNCIL OF THE INTERNATIONAL CHAMBER OF COMMERCE

Foreign income

Recommends a full-scale review of U.S. tax policy with regard to international activities of U.S. corporations. Believes that taxation should be based on the premise that the jurisdiction where the income is produced has the exclusive right of taxation. Urges that pending reexamination of policy, any legislation in the foreign tax area be deferred.

Recommends that if there is legislation affecting foreign source income, the following proposals be considered:

(*a*) An extension of the deemed foreign tax credit to "third tier" foreign corporations;

(*b*) A broadened definition of what foreign taxes may be creditable where a foreign jurisdiction does not rely to the same extent as the United States on an income tax as the major source of revenue;

(*c*) Restraint by the United States in taxing foreign income where the foreign jurisdiction engages in tax sparing to encourage foreign investment;

(*d*) An adjustment in the foreign tax credit computation to prevent distortions in the case of abnormal losses;

(*e*) The elimination of the advance ruling requirements under section 367 for transactions involving foreign corporations;

(*f*) Tolling of the one-year period under section 1034 (for deferral of taxation of gain because of the reinvestment of proceeds from the sale of the taxpayer's principal residence) while the taxpayer is resident abroad on assignment by his employer.

Foreign tax credit

Opposes sections 431 and 432 of the bill as injurious to foreign business and to the development of foreign resources by U.S. nationals.

Opposes singling out the mining industry for restrictive legislation with respect to its foreign income. Argues that if foreign income is to be taxed by the United States, it should not be treated for purposes of depletion or otherwise differently than similar domestic income.

PAUL D. SEGHERS, PRESIDENT, INSTITUTE ON U.S. TAXATION OF FOREIGN INCOME, INC.

Foreign income

Contends that the "per country" method of computing the limitation on the allowable foreign tax credit does not result in any double deduction or any double credit, and proposes the elimination of the provision in the House bill which would deny U.S. manufacturers the use of this provision.

States that requiring a corporation to use the straightline method of computing depreciation for purposes of determining its earnings and profits would create substantial and apparently unintended hardship by reducing the allowable amount of the foreign tax credit.

Proposes elimination of the provision in the Code dealing with income earned abroad from the sale abroad of U.S. products—states that the provisions of the Code of which this provision is a part prevents many smaller U.S. manufacturers from entering the export field.

Suggests the elimination of the "gross-up" provisions of the Code and states that in many cases they reduce the benefit of the foreign tax credit. Believes that foreign "added value" and similar "indirect" taxes be treated as income for the purpose of the foreign tax credit. Suggests allowance of a foreign tax credit for foreign taxes paid on the income of subsidiaries below the second tier when received as a dividend by a U.S. taxpayer having an interest of 10 percent or more in such subsidiary. Also, the allowance of a "tax sparing" credit for foreign income taxes waived ("forgiven") by a foreign government as an incentive for foreign investment.

Surcharge computation

Contends that the "tricky methods" of computing the 10 percent surcharge should be eliminated so that the amount of surtax would not be more than 10 percent of the amount of U.S. tax which the taxpayer would have paid on the same income in the absence of the surtax. States, for example, that such methods impose a surcharge of 14 percent on Western Hemisphere Trade Corporations.

General

Proposes the elimination or amendment of section 367 of the Code, restoration of the 7 percent investment credit, limiting the allocation of the "conglomerate" provisions to acquisitions by domestic (U.S.) corporations, and the adoption of a substantial "Tax on Value Added" to replace in whole or in part the corporate income tax, and its use as a "border tax" as an incentive for U.S. exports.

FOUNDATIONS

DR. JOHN A. PERKINS, PRESIDENT, WILMINGTON MEDICAL CENTER, WILMINGTON, DELAWARE

Tax on investment income on private foundations

Opposes tax on investment income of private foundations, however, not opposed to sanctions to prevent past abuses. Feels that the tax on investment income goes too far—is the same as placing a tax of the same amount on charities since it will have the effect of reducing their receipts by the amount of the tax. States that tax on investment income may increase costs of government.

Tax on failure to distribute income—private foundations

Opposes tax on failure to distribute income. States that foundations must be allowed to accumulate funds for specific projects without Internal Revenue Service approval. Feels that it is wrong to leave private foundations

at the mercy of a subjective determination by an Internal Revenue Agent rather than with individuals responsible for and knowledgeable of the intents and purposes for which the foundations were created.

Charitable contributions of appreciated property

Opposes section 201(a) of H.R. 13270 to the extent that it does not permit deduction of contributions of appreciated property up to the increased limitation of 50 percent of adjusted gross income.

States that the provision of section 201(c) of the bill dealing with the donors of certain types of appreciated property to private foundations tends to do nothing more than inhibit charitable contributions and thus, reduce the source of funds for such eleemosynary institutions as the Wilmington Medical Center.

Charitable contributions

Opposes the following provisions of H.R. 13270 which would inhibit rather than encourage charitable contributions.

(1) Section 201(a)—disallowance of charitable deduction for gift of use of property.

(2) Section 201(f)—elimination of the set aside deduction presently allowed estates and trusts.

(3) Section 201(g)—repeal of the two-year charitable trust rule.

(4) Sections 201(e), (f), (h) and (i)—requiring that charitable remainder trusts be either an annuity trust or a unitrust.

(5) Sections 201 (a) and (h)—requiring that charitable income trusts provide an annuity to charity or a fixed percentage of annual fair market value and requiring that the grantor is taxable on the income unless all the interests in the trust are given to charity.

(6) Sections 301 and 302 to the extent that such sections have the effect of reducing the benefit received by a donor from a charitable contribution of appreciated property and require the donor to allocate a portion of the charitable contribution deduction to nontaxable income thus reducing the amount of the deduction.

Concludes that Federal and State governments should adopt legislation which encourages rather than discourages charitable contributions to such institutions, otherwise, governmental bodies will need to provide the services themselves at a cost much greater than the revenue dollars lost by granting incentives to give to charity.

THE PESTICIDE PERIL—LXI

Mr. NELSON. Mr. President, while the problem of the persistency of pesticides is severe, one cannot overlook the basic toxicity of these chemical compounds.

Pesticides are poisons specifically manufactured to kill pests.

A recent issue of Park Maintenance magazine outlines the manner in which the toxicity of pesticides is measured. While the article basically contains technical information, it would be of value to anyone who is interested in more details on pesticides.

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

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

MEASURING TOXICITY OF PESTICIDES

(By Stanley Rachesky, Extension Entomologist, University of Illinois)

Why are some insecticides more toxic than others? How is toxicity measured?

Let's look at a few of the insecticides that are used and find the how and why of toxic insecticides.

The University of Illinois recommends five basic insecticides. These chemicals will control just about all insect problems. They are:

Sevin (carbaryl LD–50—acute oral 500–850 mg/kg; acute dermal 4,000+.

Chlordane LD–50—acute oral 335–430 mg/kg; acute dermal 690–840.

Diazinon LD–50—acute oral 76–108 mg/kg; acute dermal 455–900.

Malathion LD–50—acute oral 1000–1375 mg/kg; acute dermal 4444+.

Pyrethrin LD–50—acute oral 820–1870 mg/kg; acute dermal 1880+.

The simplest way of expressing the toxicity of a compound is by means of an LD–50 value. Such a value is a statistical estimate of the lethal dosage (LD) necessary to kill 50 percent of a very large population of test animals. Acute oral toxicity ratings are usually obtained by feeding white rats and acute dermal ratings by skin absorption tests in rats or rabbits LD–50 is expressed in terms of mg/kg. This is the number of milligrams of actual insecticide per kilogram of body weight of the test animal.

To express toxicity in practical terms the factor 0.003 times the LD–50 value will give the ounces of actual insecticide required to be lethal to one of every two 187 pound men or other warm-blooded animals. As an example, the oral LD–50 value for malathion is 1200 mg/kg, therefore, if a group of men each weighing 187 pounds at 3.6 ounces (1200 x 0.003) of actual malathion per man 50 percent of them would die. The dermal toxicity LD–50 value of malathion is approximately 4000 mg/kg or for a 187 pound man (4000 x 0.003), 12 ounces.

By comparison, the oral LD–50 value of aspirin is 1200 mg/kg or (1200 x 0.003) 3.6 ounces per 187 pound man, the equivalent of malathion. To give a further comparison, the oral LD–50 value of ethyl alcohol (95 percent or 190 proof) is 450 mg/kg or (4500 x 0.003) 13.5 ounces. If a group of 187 pound men each consumed somewhat more than one quart of 80 proof whiskey in 45 minutes they would not only be intoxicated but 50 percent of them might die.

Toxicity varies with sex, age, weight, health, etc. Therefore, the LD–50 values presented here must be applied with caution. However, LD–50 values are useful in making an objective comparison.

A good general guide to follow:

Acute oral LD–50:	LD–50 for a human adult:
50 to 500	1 teaspoon to 2 tablespoons
500 to 5,000	1 ounce to 1 pint
5,000 to 15,000	1 pint to 1 quart

Let us not lose the proper perspective. These LD–50 values are for 100 percent strength materials. The LD–50 values for the commercial products can be anywhere from ¾ as toxic to almost 100 times less toxic. For example, chlordane is sold anywhere from 10 percent dust to a 74 percent emulsifiable concentrate. Sevin is available as a 50 percent or 80 percent wettable powder, diazinon is a 25 percent emulsifiable concentrate, malathion as a 50–57 percent emulsifiable concentrate and pyrethrin as a ⅓ percent space spray.

Let's take Sevin sold at 50 percent wettable powder. The acute oral LD–50 for the 100 percent strength material is 500–850 mg/kg. As a 50 percent wettable powder the acute oral LD–50 would then be 1000–1700 mg-kg or ½ as toxic and require twice as much material to cause concern.

THINK PESTICIDE SAFETY

1. Read the label. The most important 4 minutes in pest control is the time it takes you to read the label.

2. Do not smoke while handling pesticides. Some are quite flammable.

3. Apply correctly to label specifications and only when necessary. Don't over apply.

4. Avoid inhaling fumes, mists, dusts.

5. Wash off contaminated skin with soap and water. Many insecticides are contact poisons and can be easily absorbed through the skin, especially the eyes.

6. Store pesticides in the original containers and under lock and key. It is better to be safe than sorry especially with all the children roaming around.

7. Destroy empty containers. Break bottles and punch holes in cans to prevent reuse. Paper containers should be burned, being careful not to inhale the fumes while doing so. *Reprinted from the Bullsheet, Vol. 21, No. 11, 1968.*

ENVIRONMENTAL QUALITY: POPULATION AND POLLUTION

Mr. TYDINGS. Mr. President, two of the major problems today confronting our country and the entire world are overpopulation and the pollution of our natural resources.

Thirty-one years from now, in the year 2000, the population of this Nation will swell to 300 million. This presents roughly a 50-percent increase from the 1950 figure of 202 million and is in effect a doubling of people in the last half of the 20th century.

During the middle years of this century, we have managed to pollute our rivers, dump 142 million tons of toxic matter into our air each year, and persist in poisoning our soils and water by the indiscriminate use of certain pesticides.

The result of all this activity is a striking deterioration in the quality of our environment. I think it fair to say that as a nation and as a society we have treated the ecology of our world with less than sufficient respect and care.

These two major problems of population and pollution are, of course, closely related. A part of the latter stems from the increasing demand on our resources placed by an over growing tide of people.

I say a part of the pollution problem only because some of it is the result, quite frankly, not of people but of carelessness, greed, insensitivity, and our heritage of improper land use.

A growing population means more industries, roads, and buildings, towns and cities all of which place a heavy burden on our limited supply of water, air, and land.

A graphic example of this is Washington, D.C., where the tremendous increase in population has overrun our efforts to prevent pollution of the Potomac. This great river is now polluted to a degree as if Washington were a city of 800,000 and had no water quality treatment facilities at all.

The related nature of the population and pollution problems is increasingly being recognized by the public. The two really are inseparable and if we are to succeed in resolving one of them, we shall have to resolve the other as well.

This week a significant meeting took place between representatives of the conservation community and several population groups. They discussed a matter of great interest to all of us, the decline in the quality of our environment, and established what I hope will be a common link.

The primary issue was succinctly

stated by Dr. Hudson Hoagland of the Worchester Foundation for Experimental Biology when he said:

So serious is the question of pollution of land, air and water, the consumption of irreplaceable metals, fuel and natural resources that competent scientists believe the world cannot indefinitely support the 3.5 billion people we have on earth today, let alone the horrendous numbers anticipated in the relatively near future.

I invite the attention of the Senate to this meeting and ask unanimous consent that an article by Bayard Webster, published in the New York Times of October 2, 1969, briefly describing the meeting, be printed in the RECORD.

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

OVERPOPULATION UNITES TWO GROUPS

(By Bayard Webster)

Representatives of leading conservation groups met yesterday with chief proponents of birth control and voluntary sterilization to discuss the problems of overpopulation and the deterioration of the earth's surface.

The meeting, the National Conference on Conservation and Voluntary Sterilization, was the first to bring together conservation and birth control groups to seek solutions to population problems.

Conservation groups, seeking broad-based support for their individual projects, have often been reluctant in the past to enlist the aid of most birth control organizations, which are opposed by many religious groups. Yesterday's meeting was regarded as evidence that almost all conservation groups now accept the population explosion as being close to the roots of their problems.

The relationship of the population explosion to pollution, overcrowding, urban deterioration and environmental destruction was the theme sounded by the scientists who addressed the one-day meeting, sponsored by the Association for Voluntary Sterilization.

The problem of how to support and control a rapidly growing world population was emphasized by Dr. Hudson Hoagland, of the Worchester Foundation for Experimental Biology, when he told the conference:

"So serious is the question of pollution of land, air and water, the consumption of irreplaceable metals, fuel and natural resources that competent scientists believe the world cannot indefinitely support the 3.5 billion people we have on earth today, let alone the horrendous numbers anticipated in the relatively near future."

PROBLEM CALLED DIFFICULT

Dr. Paul R. Ehrlich, author of "The Population Bomb" and Stanford University biologist who had a sterilizaztion operation after fathering one child, said the task of solving the population problem "makes going to the moon a childish prank by comparison."

"Every year there are 70 million more people to feed and house," he continued, "and that yearly number will increase during the next decades. Only a fool would think that we are going to be able to supply food and the other amenities for a population increase of 70 to 100 million people each year for the next 30 years."

Another facet of the problem—the national commitment to growth, both economic and human—was cited by Roland C. Clement, vice president of the National Audubon Society.

"We have fallen prey to the error that production for the sake of production is good," he said. "We must become aware that our growing numbers and the repercussions of our new technology are jeopardizing our future."

The conservation scientists were in agreement on the value of fertility control. The Association for Voluntary Sterilization announced that it had adopted a resolution urging that American parents "adopt as a social and family ideal the principle of the two-child family."

Population experts have often reported that to stabilize population growth in the United States the average number of children a family must drop to two.

Among those who also addressed the conference, held at the Carnegie Endowment International Center, 345 East 46th Street, were Dr. Donald J. Zinn, president of the National Wildlife Federation; Dr. Ivan L. Bennett, Jr., director of the New York University Medical Center; Richard H. Goodwin, president of the Conservation and Research Foundation, and Reward A. Ames, program officer, Division of National Affairs, Resources and Environment, Ford Foundation.

The Association for Voluntary Sterilization, a national organization with headquarters here, conducts a program of education, research and service on voluntary sterilization as a major solution to family and population problems.

TO SAVE THE LAND: ADDRESS BY SENATOR CHARLES McC. MATHIAS

Mr. MATHIAS. Mr. President, on Wednesday evening, October 1, I had the privilege of addressing the banquet which concluded the urban conservation tour sponsored by the Howard Soil Conservation District in Howard County, Md.

I ask unanimous consent that my remarks be printed in the RECORD.

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

You have spent the day as many of you spend your careers: considering the land. I wish I could have joined you for your tour through this beautiful county. As you have seen, Howard County is one of Maryland's most pleasant areas. But, like so many other historically rural counties in Maryland and elsewhere, Howard County is now entering a period of rapid—almost explosive—growth. It is sandwiched between the surging metropolitan areas of Baltimore and Washington. It is the home of the new city of Columbia. It has already become one of our State's crucial arenas for all the forces of growth—and for the cause of conservation.

In many places, the advance of population across the countryside has been as tragic and devastating as Sherman's march across Georgia to the sea. Forests and farms have been torn up with no regard for conservation, beauty or open space. All too often it seems that as the price of acreage soars, pride in the land diminishes, until it has become simply property to be marketed, rather than a natural resource to be preserved.

As a result, too many of our "amber waves of grain" have been replaced by crowded rows of homes. As a result, much of the best topsoil in Maryland is now at the bottom of the Chesapeake Bay. As a result, public officials and concerned citizens in many suburbs must now make yeoman efforts to restore open space to the health it enjoyed when only scattered yeomen lived on it.

Here in Howard County, though, there is still a good chance to channel growth, to anticipate problems and to practice preventive medicine. You have seen today many of the progressive and important efforts underway here, and have met many of the people engaged in this campaign—a campaign not to halt the bulldozers of progress, but to temper their blades and their bite.

It is far easier to prevent environmental blight than to defeat it after it has taken root. We are now learning, to our personal sorrow and national concern, that the cost of decades of national carelessness is huge and that the price of recovery is going to be extremely high. As Alice found behind the looking glass, we have to run as fast as we can to stay in the same place. We are going to have to run twice that fast to make any gains at all.

Consider for example the Potomac River estuary which ebbs and flows in front of Washington, the Nation's Capital. In 1932, before the District of Columbia built its present sewage treatment plant, the Potomac estuary was receiving the raw sewage from 575,000 persons. Now, 37 years and millions of dollars later, the estuary is receiving the equivalent of raw sewage from 674,000 people—a load of pollution one-sixth more than before we started to fight it at all.

The villain of the piece is population growth, aided and abetted by our miraculous technology. Here in Maryland, for example, we are welcoming an average of 222 more people every single day, through natural increase and migration from less favored States—a total growth of some 800,000 during this decade.

Each of those people imposes new demands on our public facilities—our schools, our hospitals, our roads and trains, our water systems. Each new person puts new pressures upon our parks, our open space, our waterways, so that the traffic jams of boats on Chesapeake Bay become dangerous, and the campgrounds at Assateague Island National Seashore have become overcrowded even while this new park is still being shaped.

It has been estimated that for each new person, the urbanized area of Maryland expands by about two-fifths of an acre. In 1960, 550,000 acres of Maryland were in urban use. By 1980, this intensively developed land will have expanded by one-fifth—and it has been estimated that construction activities generate silt which piles up to 3.7 tons per capita.

Technology has compounded our problems. In this consumer-oriented age, every person and the industries and commerce which attend him generate some 9.7 pounds of solid wastes per day—bottles, packages, papers, plastics which are often so ingenious that they are virtually impossible to dispose of. Chemists used to joke about creating the perfect solvent, and having nothing to keep it in. Our problem now is that we have created almost perfect packaging—and have no proper place to throw it away.

So the land must collect all of the refuse of our disposable culture. Along many of our roadsides, we can't see the erosion for the trash. At the bottom of many of our streams, where once we found the geologic strata of the ages, we now find inches of muck and the typical fossils of our age, rusty beer cans.

As Walt Kelly's character, Pogo, says, "we have met the enemy and they are us."

What can we do? The threats to our environment are so various and pervasive that we hardly know where to start. Do we abandon our grubby cities to their ills, and try to preserve what countryside is left? Do we try to protect the land, and let the clouds of air pollution drift across it? Do we clean up our rivers, and forget their shores? Do we command progress to halt until we can catch up with it?

The first encouraging note is that conservation is no longer a lonely cause. It is no longer the career of a few specialists or the crusade of a few outraged idealists. Don Quixote and Sancho Panza have been joined by thousands of public officials and millions of ordinary citizens, and the once-impossible dream of a clean environment—while still a distant goal—has begun to seem plausible. More important, the public interest in saving our environment has every sign of being a lasting commitment.

At the moment, though, we run the danger

of having too many armies in too many separate fields. Fighting too many skirmishes without any overall leadership or a strategic plan. For example, the Baltimore Evening Sun recently found that Chesapeake Bay has been subjected to more than 1,450 separate studies—more than 800 by the Army Corps of Engineers, and over 650 by other Governmental agencies, scientists and laymen. Yet the Sun concluded, "There are so many studies of bits and pieces of the bay that no one man or group of men knows what all of the reports do or do not say."

Similarly, there have been so many studies of the Potomac River that we could build the Bloomington Dam of books.

Yet somehow research does not always lead to action—and even action by Congress or the states does not lead to results. In 1966, for example, the Congress passed the clean waters restoration act, which made a new national commitment to helping states and cities build adequate sewage treatment plants. Yet, having made this billion-dollar pledge, two administrations and the Congress have somehow failed to follow through and appropriate the funds. As a result, the Federal Government now owes Maryland alone over $89 million, and inadequately treated sewage is still pouring into our rivers and the bay.

There are heartening signs that Congress will approve far more money for this one program this year than in the past. Certainly I intend to fight for it.

There is an important bill now awaiting Senate floor debate. This measure, S. 7, is aimed at three growing environmental problems—oil spills, pollution from boats, and thermal pollution. It would also put new Federal sanctions behind state water quality standards, by requiring that no Federal agency may issue any license or permit for any construction or activity affecting a waterway until the State concerned has certified that water quality standards will be met.

I am sponsoring an amendment to this measure to insure that the concerned public will have a real voice in reviewing such cases, which would include new power plants, dredging and filling, and laying pipes.

But far more important than any isolated piece of legislation, aimed at any one particular ill, is the new trend toward looking at our environment as a whole—toward bringing together for example, all the knowledge contained in those 1,450 studies of the bay, and developing not 1,450 small, separate efforts, but one orchestrated campaign.

The President took a major step this May when he created the Environmental Quality Council, a committee responsible directly to him and charged with overseeing and coordinating all of the Federal Government's myriad efforts which affect the environment. At the same time, the President named a Citizens' Advisory Committee on Environmental Quality to bring to bear the best thinking and broadest perspectives in the Nation.

There are now not one but two separate bills before the Senate to give congressional sanction to this comprehensive approach and to provide the staff and funds required to make such an office a really vigorous, effective advocate for conservation. Somewhat typically, however, these bills have been temporarily snarled in a dispute over Senatorial committee jurisdiction—but the field is certainly large enough for all, and I am confident that such legislation will be enacted this year.

Throughout the country, as on the Federal level, agencies and groups committed to conservation have discovered that they can work best when they can work together. As the dangers to our environment multiply, as public concern increases, more and more are abandoning competition and starting to cooperate. Maryland's natural resources agencies have just been pulled together, for example. Many conservation and sporting groups are forming area councils and designing umbrella organizations broad enough to cover many specific interests with a common goal.

I ask you to consider, therefore, whether the time has come to creat regional councils on the environment—permanent advisory groups which would embrace all of the concerned citizens of a region—organized and un-organized—and all of the levels of government involved. This would include the local officials whose powers and decisions often mean the difference between sound development and chaotic growth.

Such a council, as I envision it, would be more than another organization in the crowd of groups, associations, and emergency committees to save this tree or that watershed. A truly effective regional council could be, first, a clearinghouse for information, the fruits of research and the proposals being debated by state legislatures and local boards.

It could be, second, a forum for debate, and a crucible in which priorities and programs could be hammered out across state lines and organizational charts.

It could be, third, a watchdog, prodding agencies to follow through and citizens to continue their work.

It seems to me that the Chesapeake Bay region, broadly defined and including at least the lower Potomac Basin, could profit from the creation of such a regional, citizen-led council. But an effective body cannot be established by the fiat of any legislator or public official. It must emerge from the people themselves, from their desire to come together to do the conservation job which is far too vast and too urgent for anyone to complete alone.

I urge you, as you continue your specific tasks not to lose sight of the real proportions of the challenge we face. For the job is far more than to protect any single acre of soil: it is to save the land itself.

MINNESOTA EXPERIMENTAL CITY PROJECT

Mr. MONDALE. Mr. President, in the aftermath of our walk on the moon, many people have renewed their calls for a reassessment of our national priorities and a reallocation of our resources to the solution of human problems on this earth. The recent progress report of the Minnesota Experimental City project—MXC—provides, I believe, an opportunity comparable in scope to manned space flight, to focus our almost unlimited technological capacity and business skill in this new direction.

For the past 2 years, a group of scientific, educational, governmental, and business leaders has been engaged in defining the concepts that would underlie the creation of an experimental, new city where men can live in a better, healthier, more rewarding environment, and where technology is really harnessed to serve the needs of all the people.

The MXC progress report details the conclusions of hundreds of participants in a series of workshops and seminars that considered both sociocultural and economic and physical aspects of building a completely new city of 250,000 people by the year 1976.

I have worked closely with this group, and I am proud that such a significant program has been undertaken in my State. I commend this timely and thoughtful report to the Senate and ask unanimous consent that selected parts of chapter one be printed in the RECORD.

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

CHAPTER I

THE CONCEPT

Envision the Minnesota Experimental City as a national proving ground for demonstrating the social, economic, and physical capabilities for building cities which will be responsive to changing human needs. Since these capabilities have yet to be demonstrated, a needed focus, as the United States enters its third century, is upon the future relationships of people in urban environments. An experimental city could be a testing ground for new living patterns. These patterns, if their practicability and viability be demonstrated, might enable existing cities to accommodate themselves more readily to the new urban situations.

More than assembling bits and pieces of the present urban structure (as in existing cities), the Minnesota Experimental City seeks to achieve an *overleap*—at once an advance into future possibilities and a break with past constraints—in man's ability to shape his environment and the quality of his life. The City has as its premise that: (1) man can creatively mold his environment; (2) that he can, in a positive and constructive way, unite the resources of private technology with public authority; and that (3) he can reorient social, economic, and physical forces to serve people.

The Minnesota Experimental City (MXC) is conceived as a coordination of relevant technologies into an exhibition of the best of what is now known and an establishment of appropriate relationships within the total urban order. It is conceived as a live laboratory in which innovations can be demonstrated and evaluated, a laboratory concerned with the relationships of urban people and the ease and flexibility of living which might be afforded them. The task confronting MXC is not so much that of overcoming technical difficulties as it is that of defining, at least on an interim basis, the relationships between people and the social and physical systems which are necessary to support them.

The Minnesota Experimental City proposes to create, at a point in time and space (at the geographic center of the North American continent), a new city which will serve in 1976 as a symbol of two hundred years of evolving democratic society—its people, its institutions, and its technology.

A. Goals of the city

Goal formulation was centered on the assumption that the City, like any other modern American city, would respond to basic goals of health, safety, education, and welfare. Beyond this, workshop participants believed it important that the City subscribe to a set of community and human values based on several general assumptions:

The City will encourage citizen participation in evaluation and change and will develop mechanisms for achieving results;

The City will foster social interaction within the various age groups and between groups of different ages, as well as between religious, racial, and ethnic subgroups;

The City will support personal integrity, individuality, and choice;

The City will meet not only the common needs of individuals and groups but also the special needs of subgroups such as the very old and the very young;

The City will provide protection and security; and

The City will foster creative and renewing experiences.

Although how to resolve conflicts between goals is still a major uncertainty, the City

provides a unique opportunity to anticipate, study, and resolve goal conflicts. It also provides an opportunity to redefine goals over time, to reflect changes in community attitudes, and to pioneer in the field of individual goal achievement.

A set of operational premises, which appear to be at the heart of the Experimental City concept, were derived from workshop discussions:

1. *An open society in an open city.*—Basically, the City hopes to demonstrate that people of different races, incomes, and backgrounds can productively and compatibly inhabit a city. Such a premise immediately raises questions: What would be the criteria for a feasible population balance? How are the people to be oriented? How are criteria to be adjusted in subsequent years? And, How could freedom to move "vertically" as well as "horizontally" be assured in the City?

2. *Technology—social and economic as well as physical—should serve people.*—A given technology of prefabricated structures or of social services can, by itself, serve either a social or an anti-social purpose. The primary concern is whether or not that technology in context serves the human and community goals.

3. *Continuing experimental investigations structured around the growth and development of man and his institutions.*—The Minnesota Experimental City is conceived as an experimental entity primarily concerned with research for future benefits, yet providing information that will be of benefit to existing cities. It would be expected to shape and test new social goals developed on the basis of what can exist in *physically new situations.* The City would be concerned with testing components, plans and ideas in a variety of areas and situations.

The City must be able to change those things that do not work. Its aim would be to learn how to build better cities.—In some cases findings might be generalized to existing urban settings, either in part or in whole; in other cases not.

Already identified by the workshops are numerous studies and experimental projects. [(See Section III, page 16; also Appendix C.)] Many of the proposed projects can probably be sited in existing urban communities; some others will have to be conducted in the laboratory using simulation, gaming, and model building; and still others will be designed to be instituted in the new City itself. The end goal, of course, would be a set of related experiments analyzing and contributing to the realization of an ongoing, viable city.

An intriguing possibility frequently suggested in workshops is delineated in Section IV of this report: the development of close ties between the experiments of the City and those of technology-oriented industries and the advanced social and behavioral science functions in and out of government.

4. *Institutions in the city should develop in an organic response to urban life and change.*—Not all social or physical systems need be frozen before the arrival of the residents. Desirably, those actions which are taken in advance of arrival would present situations in which development might occur most easily and naturally as a response to expressed needs; desirably they would provide frameworks within which human possibilities would be maximized.

5. *The City should be an Information Center,* a center concerned with the handling of information—the gathering, processing, storing, and interpretation of data. Innovative telecommunications network envisioned for the City, a proposed public microfiche library, and an advanced center for learning should attract other activities oriented around information handling.

6. *The City's experimental findings and procedures should reach a wide audience.*—A coordinated information base would be established to serve not only the interests of the Experimental City but also a broad public. Hopefully, the City would become a mecca for students of urban futures and an information source for developers, industrialists and an interested lay public.

B. The city should be a "new" city

A new city is essential because only there would a total systems experiment be possible.—Urban systems are complex and interacting; the bits and pieces of experiments possible in existing communities are no substitute for a total systems experiment. Inhabitants of existing cities and their institutions are deeply committed to the traditional, the status quo; even if it were possible to test some of the subsystems in existing cities, the experiment would fall short of the mark because each system affects the others. Two examples: The level of communications technology affects the necessity for travel, the availability of educational opportunities at home, and the need for a strong concentration of activities downtown. The level of transportation technology affects the demand for communications, the accessibility of educational and other activities, and the need for a strong concentration of activities downtown.

In a new city it is possible to experiment in a coordinated way with a variety of factors:

1. Study and development of the Experimental City and its environs as a complex ecological system could be undertaken. Of concern would be: the "natural" and the "man-made" environment; the areas of population concentration versus the woodlands, lakes and streams and the conservation of land, air, and water; the long-term use of land and its development (if at all), its use in years immediately ahead, and the ways in which long range development goals might be served. Appropriate relationships need to be studied between urban and rural populations and the use of open space, taking into account the increasing public concern for an aesthetic environment and a range of amenities not usually available.

2. New techniques for planning and development could be utilized from which a more efficient urban environment would emerge with orderly growth at a prescribed location and time. Public investment could be scaled to the actual growth pattern and future needs. More efficient relationships could be achieved between work and residential locations, and commercial and public buildings could be more directly related to their functions and the concentrations of people which they serve.

By its very nature, a new city there would have many inherent advantages. Some principal factors are:

1. Land cost would be lower in a new city—particularly if the site were removed from an area currently under development or if it were already in the public domain. Such savings might be used to offset costs of innovation and experimentation.

2. Communities with diverse housing types and sizes could be achieved which might accommodate, more equitably than at present, the full life cycle. It would also be possible to plan and test intermixes of different income and age groups—experimenting with ratios of low, moderate, and upper income residents, and older as well as young and middle-aged householders.

3. Innovation in construction technology might encounter fewer deterrents in the form of customary building codes, ordinances, and regulatory controls. In their stead, a new city might experiment with performance approaches—relying on expert analysis and evaluation of promising materials, equipment, techniques and methods. Important would be development of ways of viewing innovations in their total context or system. Major gains for existing cities might be not only in the published evaluations, but, more important, in more effective techniques for safeguarding public health, welfare and safety.

4. There might be less resistance to change in a *new* city because the population would have been aware of its innovative dimensions in advance of having moved there; they would have fewer established commitments of an economic or socio-psychological nature.

C. The city should be an "instant" city

The Experimental City should be regarded, and perhaps is only possible as an *instant city* in which *a coordinated application of social and physical know-how can be brought to bear* and a *total* city realized as a working demonstration. (*Instant* in this context is interpreted to mean a ten-year period from start to substantial completion.)

The instant aspect of the planning and development of the city is urgent lest new technology make the overleap of today no leap at all tomorrow. For example, a ten-year development period could provide a fair test of current transportation systems; but a thirty to forty year time interval would undoubtedly mean obsolescence of the system before the City achieved totality.

The instant aspect is required to achieve a population level and an economic viability necessary to support initial infrastructure and superstructure costs.

Early returns on the *new* city idea, especially on a city removed from existing population centers, are urgently needed for decisions about future development of the United States. Demonstrated capability for rapid city building is urgently needed to provide the volume of houses, schools, factories and parks necessary for the impending population increases.

D. Functions of the city

Project members conceive the City as an *Information Center* concerned with the handling of information—the gathering, processing, storing, retrieval, and interpretation of data—broader in scope than that usually associated with research and formal education.

Beyond the information center idea, conceptualization is difficult as this City and others will be influenced by current trends as well as changes to become apparent only during the coming decade. Some general trends can be anticipated, such as a reduced role for manufacturing production, a growth of service industries, and increases in technical and professional endeavors. These, when considered in conjunction with the information center, indicate a set of supportive activities in the City to include: education for all ages; entertainment, recreation and cultural components; convention and resort accommodations; governmental service functions; finance; air transport; and merchandising.

After a reasonable take-off period, the City would aspire to economic viability. Such a notion does not preclude the City functioning as a national experimental facility with the periodic infusion of public funds which they might imply. The City would not be overly dependent on any single economic function. Its residents would be able to find opportunities for choice of employment; the City would be no more dependent on public funds than the average city of its size.

E. Location of the city

With modern communications and transportation systems, the City need not be especially close to natural resources or to other population centers. However, to be viable. the new City must assume a natural

role in its environment, interfacing compatibly with the changing world around it.

Within the context of the urban system (as Borchert and Lukerman point out in their paper on The Setting of Anomalous Places, Appendix B, page 248) there are large degrees of freedom of options, but they are not unlimited.

To assure economic balance and a fresh start the Experimental City should be located outside the commuting range of existing cities. At the same time, economic balance can only be achieved if the location permits the ultimate development of strong social and economic links with the regional network of cities to which it belongs.

During workshop discussions, it was repeatedly suggested that less importance should be given to the geographic distance (initially assumed to be 100-miles) and more value attached to the "time distance" from major population centers. "Time distances" ranging from 45 to 90 minutes travel time to the nearest major population center were suggested. Such a "time distance" should take into account the need—initially and subsequently—for services and amenities, while permitting the City to develop as an integrated unit.

An optimum location (as is noted in the Darwent paper: Towards Criteria for evaluation of Alternative Locations, Appendix B, pages 127–129), is more than that which will maximize the probability of achieving City goals; it should also satisfy the exogenous and endogenous requirements at the lowest cost possible. Such a definition cannot by itself yield an unambiguous, single location. One must raise the additional questions: What are the goals, which interest groups hold these goals, and do they conflict? What are the constraints, and are the endogenous ones justifiable? And once we understand the relationship between goals, can we develop measurements of the degree to which the goals can be, or have been, achieved?

SIZE OF SITE

Two aspects of *size of site* were considered critical in terms of the location of the City and its concept:

1. The size of site necessary for the *City urbanized areas* should be determined by the functions to be accommodated in the City, the nature of the city's technologies, and the desired density and character of residential areas.

2. In terms of the hinterlands of the City, site requirements should be a function of (1) the need to guard against undesired encroachments and (2) the needs of the rural/agricultural environment. A part of the desired balance between rural and urban life will probably be found in the continuing social relationships of the populations and their cultural interchange.

One possibility is that the new City depart from the present practice of ever-extending suburban accretions in favor of open space for recreation, for agriculture, for beauty and for ease of living. Related to this possibility would be the critical issue of whether lands currently in the public domain (park, conservation, forests, etc.) could be maintained in such use—assuring against undesirable and wasteful use of land and water. Man cannot improve the quality of life and simultaneously destroy his environment.

*F. Intervention**

The obligations implicit in the above objectives are formidable. The tasks are attainable, even though they are of a high order of magnitude. Further, except for an Oak Ridge, or a Los Alamos (both built with priority directives during a national emergency), the blueprint for building a city *de novo* is virtually uncharted. No earlier day river-rail-and-turnpike-junction is going to catapult the new City into fulfillment; rather, only through intervention of the highest order is it likely to be achieved.

A basic premise of the study, then, is that a cooperative, coordinated intervention will be brought to bear, that it will involve business and industry, academic institutions, and State and Federal governments.

The project team envisions a unique partnership in which the social, economic, and physical concerns of both the private and public sector are involved; a partnership through which private technology is united with the broad resources of public authority toward a common goal, human betterment in a new city.

H. Objectives of national significance

The laboratory aspect of the Minnesota Experimental City has particular meaning for a number of *national* objectives, both now and in the future:

1. Demonstration that a city could be undertaken *de novo* and brought to realization within a five- to ten-year period would open up new alternatives for accommodating the increasing populations of the nation—alternatives to the current trend of increasing densities and of burgeoning megalopolitan growths. Dispersal of the population and urban settlements would be brought a step closer with the demonstration that one can open up new areas of the countryside and can find ways to establish a reasonably self-contained community at a distance from the existing megalopolis. New economic opportunities could be brought to the countryside and a more balanced national economic development achieved.

2. The benefits of technological innovation beckon, but cities across the nation are wary of the costs involved and the accelerated obsolescence of existing public and private investments. Further guarantees of successful application are lacking or insufficient. If social, economic, and physical models of the city were to be continuously updated, tests could be run and impact studies could be made on a variety of innovations with a view toward exporting the more promising ones to existing cities.

3. Conservation of land, water, and air has become a matter of increasing national concern as urban and suburban development has taken its toll of farmlands and woodlands.

A desirable policy would be concerned with land reserves for future development and the management of such lands in the intervening years in the interest of the people. The technique of designating and acquiring land is obviously a knotty problem. A related concern is the protection of urban hinterlands and the rural countryside from spoliation in the urbanization process.

Several features of the Minnesota Experimental City effort make it peculiarly suitable for investigating some of these very problems: The City would be established in the public interests, not in narrowly defined real estate or builder interests; its separation from existing urban concentrations would isolate it from many vested interests and permit it to gain control over the future use of its hinterland; there are large areas of publicly held (mostly State) lands, many of which might satisfy criteria for site selection; still other public lands (existing State and Federal forests, preserves, wild rivers, and recreation parks) not only provide a high level of amenities for future residents, but suggest ready techniques for management of the City's hinterlands.

4. Within present cities, land use and redevelopment controls frequently do not work for acknowledged objectives; it is essential to overhaul them in the light of new patterns of living and working, and new organizational relationships. In a new city, one might find ways of getting at land use policies—ways which, for instance, would be more concerned with three-dimensional relationships and uses, and less pre-occupied with two-dimensional geographic delineations of segregated uses.

5. The population mix and the grain of residential communities can be readily experimented with in a new city, and a new basis for ordering community life and residence could be derived.

6. Construction techniques, including industrialization, could be developed and tested in a new city.

One area for experimentation would be the much discussed but seldom tried concept of building housing and other structures for a limited life span. Housing for the 15,000- to 20,000-man construction force, for instance, might be put in place for an expected life of 10 years; other housing, for an intended use of 20 years, with specific provisions made for evaluation, future demolition, and replacement. Limited-life housing would provide built-in flexibility in the city's framework and allow changes as new concepts and technologies become available.

I. international significance

Problems of population growth and press in towns and cities are worldwide. Increasingly, there is a commonality of concern for the urban situation and for understanding the deterrents to creating truly gracious living for all men.

The Experimental City would not only be an exhibition of physical things, but also a model for our democratic society. The City would not gloss over the social issues with which the nation is confronted, but it would endeavor to demonstrate the dimensions of social problems and some realistic measures being tried to obviate or alleviate those problems.

*Intervention is used here to mean those actions which are necessary to alter the social and economic as well as the physical environments to achieve otherwise unattainable goals.

SENATOR HART PROBES IMPACT OF PESTICIDES

Mr. NELSON. Mr. President, the chairman of the Subcommittee on Energy, Natural Resources, and the Environment of the Committee on Commerce, Mr. HART, has been conducting a series of significant hearings on the effects of pesticides on sports and commercial fisheries.

With increasing national concern about the effects on our environment from the continued use of persistent pesticides, I am sure that Senator HART's investigation will contribute a great deal toward developing a better understanding of the nature and scope of the pesticide problem.

When the subcommittee opened its hearings in Washington last May, I was privileged to testify in favor of improved controls of DDT and other persistent pesticides. Now the investigation has moved to the Great Lakes region, where the problem of pesticide pollution is endangering the future of sport and commercial fishing on Lake Michigan.

During hearings earlier this week in Lansing, Mich., Dr. Joseph Hickey, of the University of Wisconsin, linked the potential extinction of the American bald eagle, the pelican, and the peregrine falcon to persistent pesticides.

Other testimony cited the impact of DDT on the water quality of Lake Michigan and outlined steps that the State

of Michigan has taken to cope with the growing problem.

I ask unanimous consent that a report of the Michigan hearings, published in the Stevens Point, Wis., Daily Journal, be printed in the RECORD.

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

CONGRESS URGED TO OUTLAW HARD PESTICIDES

LANSING (AP).—Citing evidence that hard pesticides are hazardous to North America's bird population, a University of Wisconsin ecologist Monday urged Congress to outlaw DDT.

Appearing before the Senate Subcommittee on Energy, Natural Resources and the Environment, Joseph J. Hickey said:

"We have lost the brown pelican on the west side of the Gulf of Mexico, and we will lose it on the coast of California. We have lost at least 95 per cent of our nesting peregrine falcons—perhaps the supreme example of avian evolution—in the United States south of Canada. We are going to lose our national bird, the bald eagle, as a nesting species on the shores of the Great Lakes.

"These are pollution effects of DDE (formed by the breakdown of DDT in the environment). Unless the Congress is prepared to outlaw the use of DDT in this country, this process of environmental degradation will continue—and we will turn over to our children an impoverished environment which will require centuries for its restoration," Hickey stated.

While Hickey concentrated his testimony on the effects of DDT on birds, W. F. Carbine, regional director of the U.S. Bureau of Commercial Fisheries at Ann Arbor, told the subcommittee that it is essential to outlaw hard pesticides if commercial and sport fishing is to be maintained in the Great Lakes.

Already, Carbine noted, there are sufficient concentrations of DDT in the Great Lakes to "affect the reproduction of certain species," including the Coho salmon.

Dr. Harold Tanner, who was responsible for the introduction of Coho salmon in the Great Lakes, added that the pesticide problem is "much worse than we're aware of."

A. Gene Gazlay, assistant director of the Michigan Department of Natural Resources, urged the committee to amend the Federal Water Pollution Control Act to include pesticide levels as a means of determining water purity.

Gazlay suggested that the best means of determining the level of pesticides in interstate waters would be to measure residues in fish.

"Limits of contamination are given for fish rather than water because the permissible concentration in the water is not known," Gazlay said, adding that the permissible water level might be as low as one part per trillion.

Following the recommendations of a Lake Michigan Pollution Enforcement Conference, Gazlay suggested that "the concentration of DDT in the fish should not exceed one part per million (ppm), DDD should not exceed 0.5 ppm, Dieldrin should not exceed 0.1 ppm, and all other chlorinated hydrocarbons, singly or combined, should not exceed 0.1 ppm."

"The above values for DDT and DDD are based on evidence that Lake Michigan fish apparently exceed these levels, while fish of the other Great Lakes and inland waters do not," Gazlay said.

Michigan recently denied the registration of DDT in Michigan for all but a few public health uses.

"When research supplies scientific solutions with regard to other pesticides, we will take similar action under our present laws," declared John Calkins of the Michigan Department of Agriculture.

INVALIDATION OF UTAH'S CALL FOR CONSTITUTIONAL CONVENTION

Mr. TYDINGS. Mr. President, an editorial published in the Baltimore Sun comments upon the recent Utah Federal Court decision invalidating Utah's call for a constitutional convention. I agree with the Sun that—

The one-man, one-vote mandate should not be open to successful attack by those who unfairly benefited from the former malapportionment.

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:

CONVENTION CALL

Those who have been seeking to petition Congress to call a federal constitutional convention to overturn in part the results of the Supreme Court's one-man, one-vote decision had seemed quite recently to be on the verge of success. Thirty-three states had petitioned for a convention—only one more was needed. Now the tide has apparently turned.

Last week, in a statement to the Senate, Senator Tydings drew attention to two possibly decisive actions. First, a federal district court invalidated Utah's petition for a constitutional convention because it was adopted by a malapportioned legislature. Second, the attorney general of Oklahoma ruled that his state's petition had expired.

An appeal can be taken in the Utah case, of course, and court action can be brought in the Oklahoma case. But the two have opened the door for court proceedings against a possible 20 of the state petitions that have been filed for a convention call. Maryland could be among the 20—the Maryland petition for a convention was adopted in 1965 but the Legislature was not brought fully into line with one-man, one-vote until 1967.

For years many state legislatures refused to take steps to end the malapportionment of the voting strength in their respective bodies. The Supreme Court finally took the matter in hand. But before the court's order's were put into effect, some of the malapportioned legislatures adopted petitions for a convention call, at the behest of rural areas which held majority votes but not population majorities.

It is that situation to which the Utah case was directed, and properly so. The one-man, one-vote mandate should not be open to successful attack by those who unfairly benefited from the former malapportionment.

NEIGHBORHOOD DEVELOPMENT PROGRAM

Mr. MONDALE. Mr. President, on September 25, 1969, several Members of the House circulated a letter and discussion paper to their colleagues in which they pointed out the importance of the neighborhood development program. These Members expressed concern over proposed restrictions on this program which the administration is reportedly considering.

I share these concerns, and I have sent a telegram to Secretary Romney urging HUD to do nothing which would restrict the operation of the NDP.

HUD maintains that the basic problem with NDP is that it has generated a demand for funds which far exceeds the money available to the program. Yet, despite the fact that there is an available authorization for urban renewal of $1.4 billion which could be appropriated for fiscal year 1970, the administration only requested an appropriation of $1 billion. Since Congress appropriated $750 million in advance for fiscal year 1970 last year, the administration's request amounts only to $250 million in new appropriations.

I recognize that it will not be possible to meet all the requests for conventional urban renewal and NDP, even if Congress appropriated the full amount authorized. However, with this type of appropriation, it would be possible to take care of a sizable portion of the total demand.

What the administration should do, then, is to push for full funding of these programs, rather than seeking to curtail NDP as a means of solving the problem. I will, of course, do what I can to convince the Senate of the importance of passing an appropriations bill which contains full funding in fiscal year 1970 for urban renewal and NDP.

In the meantime, it is essential that HUD do nothing to restrict the NDP program by issuing new guidelines.

Mr. President, I ask unanimous consent that my telegram to Secretary Romney and the letter and discussion paper prepared by Members of the House be printed in the RECORD.

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

OCTOBER 3, 1969.

Hon. GEORGE W. ROMNEY,
Secretary of Housing and Urban Development, Washington, D.C.

DEAR MR. SECRETARY: I am most concerned by reports that guidelines for the neighborhood development program are in the process of being changed by your department.

It is my understanding that the proposed changes would restrict the funding, size, and execution time for NDP, which could impair the operation of NDP as well as the Model Cities program.

I urge you not to implement these changes. If the administration would seek full funding for all urban renewal programs in FY 1970, much of the pressure on NDP would be relieved. I will strongly support such a request for additional funds for these programs.

Sincerely,

WALTER F. MONDALE,
U.S. Senate.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., September 25, 1969.

DEAR COLLEAGUE: As you know, Mr. Lawrence M. Cox, Assistant Secretary for Renewal and Housing Assistance, postponed his appearance at a Department of Housing and Urban Development Congressional briefing, which was to have been held at 9:00 a.m., Thursday, September 25, Room 135, Cannon House Office Building. Assistant Secretary Cox had planned to discuss *Urban Renewal Problems*, such as conventional urban renewal, the Neighborhood Development Program, code enforcement, demolition, interim assistance, and community renewal programs. We are told, however, that Assistant Secretary Cox will appear at a HUD Congressional briefing "sometime in the near future."

Because of the grave concern expressed by many of us, mayors, and citizens of hundreds of cities throughout the Nation, over the status and implementation of some of these programs, we urge two things: (1) that you, or a member of your staff, attend this important meeting when Assistant Secretary Cox is rescheduled to appear; (2) that you make

your views known on the Urban Renewal problem to Secretary George W. Romney and Assistant Secretary Cox, as soon as possible.

We make this suggestion for the following reasons:

1. Urban renewal, which is so vital to improvement of our cities, is in serious financial trouble with application backlogs for all types of renewal far in excess of what can be satisfied by current requested appropriations.

2. The Housing and Urban Development Act of 1968 created the Neighborhood Development Program (NDP) under which cities at their own expense and pursuant to certain guidelines promulgated by HUD, were encouraged to prepare applications for funding. The NDP was designed to accelerate the renewal process. This program now faces the possibility of being scrapped.

3. Because HUD is undertaking a major management review of NDP and regular urban renewal, it is certain that the guidelines formerly set forth by HUD, and which were relied upon by many cities, are in the process of change. This would result in further delay, cost, and confusion to the city applicants, defeating the original promise of the NDP.

4. More than the future of NDP is at stake. If NDP guidelines are changed at this time, the result will be a deleterious effect on other programs, such as Model Cities. HUD's proposed guideline changes would play havoc with many model city programs that have adopted NDP as a major component. Sharp restrictions on the funding, size, and execution time for NDP could upset the balance of federally assisted and innovative local programs on which the success of model cities depends.

We feel that there should be a thorough airing of the entire NDP concept and how it is being handled before any proposed restrictive changes by HUD be put into effect. Thus, we have prepared, for your review, a discussion paper (attached), covering in detail: What is NDP? Why did the 90th Congress find NDP attractive? What has HUD done, and is about to do, and What are the alternatives?

Since every Member of Congress is in some way directly affected by the problems of our cities, we hope you will attend the planned HUD briefing on Urban Renewal Problems, to hear what Assistant Secretary Cox has to say, and make your views known to him and Secretary Romney in the meantime.

Sincerely,

JOHN BRADEMAS,
DANIEL E. BUTTON,
DONALD M. FRASER,
CHARLES W. WHALEN, Jr.

MEMORANDUM

To: Members of Congress.
Re: Discussion paper on the neighborhood development program.

I. WHAT IS NDP?

The Neighborhood Development Program (NDP) is a new set of rules for carrying out urban renewal enacted in the Housing and Urban Development Act of 1968. It is a method of placing a premium on action, and, if fully implemented, will cure the phenomenon so prevalent in many communities, where urban renewal activities, due to their slowness, have at times compounded the problems they were supposed to solve.

Unlike the conventional urban renewal program, NDP does not require a lengthy period to develop elaborate plans before renewal activities can begin. Rehabilitation and rebuilding activities in areas of severe dilapidation are permitted and encouraged concurrently with the development of a longer range plan.

Since NDP provides for annual funding (or biennial as proposed by the House Banking and Currency Committee in the Housing and Urban Development Amendments of 1969), this puts a real premium on localities, using the funds approved for their program each year.

In communities where renewal progress is impaired for any reason, the funding for the next incremental funding cycle can be scaled to what the new level of activity requires. In communities experiencing better than expected success, their next funding increment can be adjusted upward. Hence, the new rule for urban renewal funding from the localities' point of view is "use it or lose it"—do well and be rewarded.

II. WHY DID THE 90TH CONGRESS FIND NDP ATTRACTIVE?

Some of the features of NDP which the 90th Congress found particularly attractive are the following:

1. NDP returns control of the physical development of cities to local residents and elected officials. Under traditional urban renewal, once citizens and their mayors and councils approved a project they turned over control to their local renewal authority and, in effect, surrendered any right to give continuing direction to the project during its lifetime, which might be 10 to 15 years. In contrast, NDP requires an annual (or perhaps two-year) action program which is subject to approval by local elected officials.

2. NDP projects are funded on an annual basis. This point is responsive to our grave concern over the fact that traditional urban renewal funding is based on a grant reservation system under which HUD reserves out of appropriated funds all the federal cost of a 10–15 year project in the year the project begins. This grant reservation system has resulted in the tying up of vast reserves of funds, which now total $4–$5 billion. This fact has often been used as a reason for opposing budget requests for annual appropriations.

3. An integral part of the NDP approach is the option given localities of converting unspent funds from traditional urban renewal projects and applying them to the cost of new NDP projects. This enables communities, in effect, to finance the first few years of new projects out of their existing grant reservation for an older project. This is done in lieu of submitting an application for a new conventional project which would have to take its place at the end of a $2 billion backlog of applications. The conversion process should also begin to reduce the large unspent reserve which is of such great concern to us.

III. WHAT HAS HUD DONE, AND IS ABOUT TO DO

To date approximately 300 communities have indicated their desire to start a new NDP project and/or transfer existing projects over to the new NDP system. Only 35 communities receiving NDP approvals during FY 1969.

Since April there has been a virtual halt in approvals. In addition, in an effort not to further compound the demand for scarce funds, HUD regional offices have been instructed not to accept additional NDP applications beyond those known to be in preparation.

The Bureau of the Budget has reportedly told HUD that it may spend a maximum of $150 million for new NDPs and $175 million for the 35 cities already in the program from its total FY 1970 urban renewal appropriation.

HUD has been conducting a major management review of NDP and regular urban renewal in an attempt to find a way to meet the demands of all current and proposed projects with the limited funds available. Examples of elements proposed for inclusion in HUD's management plan are the following:

For new NDP cities—

1. Limit NDP funds in this fiscal year to no more than $1 million per city.

2. Restrict the size of an NDP area to no more than 20 acres.

3. Permit no more conversions of conventional renewal projects to NDP.

4. Require that execution of a project be completed within two years, except for unusual circumstances.

5. Require that 80% of the funds for a project be committed in its first year.

6. Limit expenditures for public works to not more than 20% of the federal share of of project, plus an additional amount equal to the portion of the local share which is paid in cash. In a project which is made up of ⅔ federal and ⅓ local shares, the public works spending could range from a low of 13% (20% of the federal ⅔ share) to a high of 46% (13% plus the entire local ⅓ share in cash).

7. Restrict action within an NDP project to activities which might be completed within one year, such as code enforcement and rehabilitation.

8. Treat any proposal which spends more than $1 million, involves more than 20 acres, and/or requires more than two years in execution as an application for a conventional renewal project, thus placing it in the pipeline of some $2 billion in unfunded requests.

For the 35 existing NDP cities—

1. Limit existing NDP projects to less than half of their first-year expenditures, regardless of need.

The ultimate outline of HUD's plan is not known. However, unless substantially more funds are secured for urban renewal, it is likely that many of the provisions listed above will be included.

Many of the approximately 300 pending NDP applications propose to treat project areas of several hundred acres and to spend several million dollars during the first action year. If HUD enforces its proposed management plan, it would take these localities many years to do what they now count on doing this year.

IV. WHAT ARE THE ALTERNATIVES?

It is clear that renewal programs, including NDP, will be short of funds in FY 1970. HUD did not request adequate funding for them. HUD did not adequately explain or vigorously defend what it did request prior to action on the House Floor. Consequently, the House voted $100 million to go with $750 million of advance appropriation carried over from last year for a total of $850 million for all urban renewal programs (old-style renewal, code enforcement, CRP planning, etc. *plus* NDP.)

If subsequent action does not increase the appropriation for all renewal activities, HUD reportedly plans to allocate less than $300 million (of the $850 million) for NDP for FY 1970. This represents only about ¼ of the NDP demand for FY 1970.

Cutting back new NDP funds to ¼ of demand is serious, but to do it by implementing the HUD management plan described in III above is far more so. In fact, such provisions of that management plan as a 20-acre-per-project limit and an embargo on conversion of grant reservations would remove the very features of NDP which most appealed to the 90th Congress. If HUD implements this management plan the program would no longer be NDP, and HUD should cease calling it such. What would be left might properly be called "first aid" or "emergency relief", but not NDP.

A number of steps could be taken to bring funding and demand more into balance without altering the concepts of NDP:

1. Obviously a larger FY 1970 appropriation would help. The Senate is being urged to increase the House figure of $100 million to $837.5 million, which, when added to the

$750 million advance appropriation, would give a total of $1,587.5 billion.

2. HUD could administratively increase the percentage of the total urban renewal appropriation which it allocates to NDP.

3. HUD could permit cities to convert grant reservations from traditional renewal projects to NDP projects. (The 35 cities already in the program have used $2 of such conversions for every $1 from FY 1969 appropriations.)

4. Utilizing all the above to increase funds, HUD could then approve as many pending NDP applications as funds would allow and hold the remainder for nine months till FY 1971. (This would be painful for those who had to wait, but at least they would be getting into the program they applied for; and they would lose part of that nine months anyway in revising their application if the HUD management plan is imposed on them.)

If after maximum feasible utilization of the above it was still necessary to change regulations applicable to NDP, three things should be made clear: (1) such changes were temporary; (2) in FY 1971 HUD would be returning to the program as passed by the 90th Congress; (3) HUD would request and fully justify a $2 billion level for urban renewal, of which at least $700 million would be for NDP.

NOTE

H.R. 13827, as reported by the Housing Subcommittee would point HUD toward some of the alternatives discussed here. It provides for:

1. $2 billion in added authorization for urban renewal available July 1, 1970.

2. A definite minimum percentage of total urban renewal funds earmarked for NDP.

3. Local project funding periods for two years rather than one.

We feel these provisions of H.R. 13827 particularly deserve your support.

PRIVATE ENTERPRISE AND HOUSING REHABILITATION

Mr. JAVITS. Mr. President, an article published recently in the Harvard Business Review discusses with great insight the challenge to private enterprise of rehabilitation in our urban centers. Eli Goldston, the author of this article on the Boston urban rehabilitation project and president of Eastern Gas and Fuel Associates, explains in great detail how the company he heads took a leading role in an outstanding example of rehabilitating decaying inner-city apartment structures.

As Mr. Goldston indicates, there is an important role for a private company willing to serve in the public interest in its community. Housing rehabilitation, in particular, offers a unique opportunity for business know-how and investment. It is crucial, of course, that any corporation which enters this field be particularly sensitive to the community in which it is operating and must view the effort as a "joint venture" with the residents. Within that context there is almost unlimited opportunity for jobs and entrepreneurship for minority persons who live in the area. For the investing corporation there is the chance for developing new markets for their products—as Boston Gas did—and for substantial tax benefits.

It is important that Mr. Goldston should emphasize the role of the real estate "tax shelter" as an incentive to this sort of private investment in inner-city rehabilitation. At present, the Committee on Finance is considering the House-passed tax reform bill, which would make substantial changes in those provisions of the Internal Revenue Code. As I testified to that committee, I believe it essential that we should not eliminate present tax incentives for housing without the enactment of alternative incentives for increasing the supply of housing for low- and moderate-income persons. At this time the housing industry is in a period of serious recession, and we are farther from our national housing goal than we were when the 1968 Housing Act was passed.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

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

[From the Harvard Business Review, September–October, 1969]

BURP AND MAKE MONEY

(By Eli Goldston)

(NOTE.—BURP may not be the most dignified of acronyms, but it holds its figurative head up high as easily the outstanding example in this country of rehabilitating decaying inner-city apartment structures. Eastern Gas and Fuel Associates, which took the leading private role in the Boston Urban Rehabilitation Program, has been besieged with requests for information on how it can be done. This article gives the answers.

(Mr. Goldston is President of Eastern Gas and Fuel Associates. While practicing law in Cleveland, he became associated with Midland Enterprises Inc., and he was President of that river barging company when it was acquired by Eastern in 1961. Mr. Goldston was named President of the parent company (which is also engaged in ocean shipping, coal mining, and gas distribution) in 1962 and Chief Executive Officer in 1963. He has served on the boards of many companies, social agencies, and cultural enterprises.)

The delegation comes in—typically consisting of a financial expert, an administrator, and an engineering-operating man—asking us the standard business questions of men in their specialties. They represent a company whose corporate conscience is being nagged about social involvement, and they have heard that we have some expertise to share in the field of large-scale, low-income urban housing rehabilitation.

We have made this date with them; we have assembled in a conference room; and now the questions begin:

The financial man wants to know how we arrived at the value of the equity, what the problems are in getting interim financing, what the interest rate is likely to be, whether any difficulties with bonding or insurance are expected, what a pro forma P&L statement looks like, and how the spillover tax shelter works.

The administrator asks us to take him through the intricacies of the National Housing Act, to differentiate between Sections 221(d)(3) and 236, to show him the forms necessary for initial endorsement, to tell him what happens at the time of commitment, to describe the advantages of a limited partnership over a general partnership, and to offer an opinion on whether it is better to work directly or through a specially organized subsidiary.

The engineering-operating man is naturally concerned with the actual work on the structures, invariably probing for information on new techniques or materials in housing rehabilitation which he has heard can achieve dramatic economies of time and money. He asks about mass production approaches, prefabrication, the durability of materials, and the quality of workmanship.

These are important questions, and we answer them as well as we can, digging into our memories and files for information. When we have done our best with their questions, we ask some of our own:

What has been the ethnic succession pattern in the neighborhood you're talking about?

Can you tell us anything of family sizes, their economic levels, and the scope of the possible program with relation to the total community?

Is your mayor on speaking terms with not only the municipal renewal agency but also the regional FHA and HUD officials?

Is the city flexible and progressive with respect to its building code?

Are you acquainted with some local community (which usually means black) contractors, real estate operators, lawyers, and construction workers?

What are the attitudes and effectiveness of the neighborhood institutions, particularly any weekly newspapers?

This is when their education in the realities of urban housing rehabilitation begins to begin. It continues as we put on a side show of the successes and mistakes of our project, the Boston Urban Rehabilitation Program (BURP).

Often they fail to grasp our point until later, perhaps at lunch, when the head of an all-black development team, invited to meet the visitors, instructs them on the benefits of double declining balance depreciation, and the black real estate manager describes his method of keeping tenants advised about the progress of the work.

Our most important message for visitors is that an understanding of the sociopolitical factors—particularly recognition of the ghetto's "do-it-ourselves" requirement—must come first, and the financial and legal questions come last.

Front-line experience in urban housing rehabilitation is clearly a sought-after commodity today. Since the announcement nearly two years ago of the participation by Eastern Gas and Fuel Associates and its subsidiary, Boston Gas Company, in BURP, nearly every day has brought a call or a letter asking for information, seeking an opportunity to come, hear, and see, or pleading for someone to fill a speaking engagement.

These inquirers want to learn about this first involvement of a major business organization in a joint housing venture with a number of small real estate developers and the federal government, where the motivations of both private profit and social good seem to have been merged successfully.

We say our participation in BURP demonstrates that it is possible to do well by doing good. We have done "well" by combining the tax benefits afforded to the parent by real estate investment with increased gas sales made by the subsidiary. We have done "good" by helping significantly in the effort to rehouse a major segment of Boston's black community.

OPPORTUNITY KNOCKING

These days, almost every publicly held U.S. company feels some unease concerning its role in the problem areas of our society. Thoughtful businessmen increasingly are examining corporate actions that may have contributed to the problems, and at the same time they are searching for ways for the corporation to serve—preferably highly visible ways.

More recently there has developed an equally vague awareness that in the problems lie opportunities. More and more businessmen accept the notion that no one really benefits from squalor and poverty. They believe that the deprived segments of our society present untapped markets—if only these segments could be helped to join the buying throng!

And if this questioning had not been self-generating, it would have been stimulated by the shared and expressed convictions of both major political parties that business must

become more directly involved in the solution of social problems. Augmenting these expressions of conviction are the federal government's many direct and subtle ways of exerting pressure and the demands of the more outspoken blacks.

Businessmen and public officials alike, for reasons that are almost self-evident, have settled on inner-city housing—especially the rehabilitation of substandard housing—as one of the first areas where the muscle and money of business can very effectively assist. Such diverse political figures as President Nixon and the late Senator Robert Kennedy have reached the same conclusion: corporate involvement in inner-city housing must be generated if we are to attack our urban problems effectively.

This is truly a task of great urgency and magnitude. According to a study by the Kaiser Committee in 1968, "about 7.8 million U.S. families—one in every eight—cannot afford to pay the market price for standard housing." The report also estimated that "6.7 million occupied units are substandard dwellings—4.0 million lacking indoor plumbing and 2.7 million in dilapidated condition."[1] Most informed persons agree that there are certainly 3.4 million units in our cities which need rehabilitation.

While the employment drive of the government-business alliance has set a target of hiring 600,000 hard-core unemployed over the next 10 years, the housing goal has been set at 26 million standard dwelling units over the same period—a rate astronomically beyond the present construction rates. This housing gap obviously is too wide for government alone to close.

The vague notion of market opportunity has crystallized for many companies in estimates of the need for new bathroom fixtures and kitchen appliances, wallboard, glass, hardware, and the whole range of building materials except for heavy framework essentials. The F. W. Dodge Company states that the current rehabilitation market represents a $12 billion opportunity (including the market for new and increased utility services in areas where the basic piping and wiring already has been installed).[2]

Rationale for rehabilitation

While the lure of involvement in new housing construction has been tempting, there is a powerful rationale for rehabilitation that seems particularly appealing to big business. Malting deterioration, preserving the preservable, and salvaging the structurally sound are concepts satisfying to the prudent businessman. He may be quite willing to destroy the dilapidated and build anew, but he likes to think that more can be accomplished for less by rehabilitation.

It also seems to be a speedier solution. With no need for site acquisition or clearance, installation of utilities, or major planning, design, and construction, the inventory of standard housing units could be rapidly swelled by refurbishing the old.

Finally, there is the argument that rehabilitation avoids displacement or dispersal of residents and preserves whole communities with their existing services.

Inasmuch as rehabilitation historically has been carried out by small contractors, big businesses have been encouraged to believe that they could effect vast economies by bringing to bear their know-how and technology. The convergence of all these pressures, lures, and changes in attitudes has resulted in the persuasion of a fair number of large companies to venture into the rehabilitation of middle- and lower-income housing. The best-known projects have been these:

Warner & Swasey Company rehabilitated a 40-year-old apartment building in the Hough area of Cleveland into 13 living units with three bedrooms each.

Smith, Kline & French Laboratories assisted the developer who rehabilitated 210 living units in 70 structures near the SKF factory and administration building in Philadelphhia.

Allegheny Housing Rehabilitation Corporation, financed by a number of Pittsburgh's major corporations, as a demonstration of financial feasibility rehabilitated 22 substandard row houses and provided 22 families with decent housing at rents only slightly higher than before.

United States Gypsum Company, in a demonstration of modular prefabrication, rehabilitated in 48 hours a New York City tenement building containing 32 units by dropping preassembled kitchen and bathroom modules through a hole cut in the roof.

None of these early efforts, or others (to the extent that details have been made available), seem to have been profitable. Of course, several were only demonstrations, but even their costs appear to have run very substantially over estimates. All of them also have been quite small in relation to the needs of their respective cities.

Beyond the marketing, operational, and social attractions of rehabilitation, however, there is the more sophisticated financial consideration of the "spillover" tax shelter in real estate investment which industrial companies have hitherto seldom considered in their analyses of profitability.

They are just now learning about this dynamic, which has motivated private investors in commercial and upper-income residential development for many years. They are discovering the relation of land values to cash flow, the leverage achieved by esoteric ways of financing (like "bobtailed mortgage debt"), and the benefits of capital gains at disposition.

The only major program of ghetto housing rehabilitation where all these considerations played a significant part in producing a profitable project is BURP. Since we encountered a wide range of the problems inherent in each facet of such involvement, made every possible mistake, and emerged with some solutions and many judgments, it is not surprising that companies contemplating ventures in housing want to hear about BURP.

Large demonstration

What has come to be known as the Boston Urban Rehabilitation Program (BURP) had its genesis in the early fall of 1967, when the Department of Housing and Urban Development (HUD) decided to conduct a large demonstration of rehabilitation in the Roxbury-Dorchester section of Boston under Section 221(d)(3) of the National Housing Act of 1961.

The BURP designation was originally limited to describing the allocation of $24.5 million in federal funds to five private developer-sponsors to rehabilitate 2,000 apartment units in 101 buildings. It has since been extended by common usage to cover an almost contemporaneous rent supplement program involving 731 units in 30 buildings, with an allocation of $7.5 million, and two subsequent projects covering 217 units at a cost of $2.7 million. (Although rent supplement financing varies slightly, all other elements of the program are virtually identical.)

The central 2,000-unit award still is far and away the largest single allocation for rehabilitation the Federal Housing Administration has ever made. In the eight years since the FHA has had authority under Section 221(d)(3), only 9,000 dwelling units (including the 3,000 BURP units) have been rehabilitated under it in the entire nation. In that perspective BURP constitutes a very significant prototype.

"A controlled experiment" was how the then Secretary of HUD, Robert C. Weaver, described it. "What we seek here," he said, "is not only good dwelling units but the knowledge of how to produce them more quickly than ever before. . . . What are the human resources, the leadership ingredients, the building techniques—and perhaps as much as anything, what are the processing techniques that will reduce nine pieces of paper to one piece of paper."[3]

Our companies became involved initially because of the marketing interest of Boston Gas in the sales opportunities of such a vast rehabilitation program. [The inelegant acronym of the program name provided our subsidiary with the lighthearted slogan, "When you BURP, think gas!" It also led a housing expert, Charles Abrams, to challenge our electric utility competitor to match us in social responsibility with BELCH—Boston Edison Low-Cost Housing.]

Inquiries revealed the developers' need for equity cash to make their projects go. After extensive negotiation with the developers and discussions with FHA officials, Eastern Gas and Fuel Association provided this money by the purchase of equity interests in limited partnerships in a majority of the units. Boston Gas received the fuel commitment by extending its low public housing rates to the buildings, thus meeting competitive fuel costs.

Boston Gas gained its largest single addition to gas load in recent years, while Eastern received the spillover tax shelter benefit. Neither return by itself would have justified our involvement commercially, but together the two showed a respectable profit.

With all its difficulties, BURP was successful by many standards. In 18 months, one seventh of the black population of Boston was rehoused in renovated units, with no increase in shelter cost. More than 400 black construction workers were employed at one time or another, and the majority of them were given some craft training. Two all-black development teams—contractors, lawyers, developer-sponsors, managers, and a majority of the investors—emerged to receive about 10% of the total BURP program.

LESSONS WE HAVE LEARNED

The challenge for us and HUD, as it is for the corporate teams that visit us, is to find the lessons of the BURP experience and determine what elements are transferable to other locations and other circumstances. In the jargon of housing specialists, to what extent is BURP replicatable? It is important that, when the inevitable national housing effort finally gathers force, the alliance of public direction and private execution functions to the benefit of our whole society.

We have thought deeply about the lessons of BURP, and we have learned from our mistakes. From the questions asked of us about our experience, we have an understanding of what corporate newcomers to this field need to know. Here are the key elements to consider and the advice we give our visitors.

Test your attitude

We tell our visitors first to examine most carefully their own approach and attitude to the problems in our cities, of which lack of housing is, after all, just one.

Astute urbanologists early in the renewal effort suggested that more important than all the particulars of a single program is the business community's recognition that it

[1] President's Committee on Urban Housing, *A Decent Home*, report submitted December 11, 1968, pp. 7–8.

[2] Ibid., p. 21.

[3] Robert C. Weaver, "Preserving Neighborhoods," an address at Freedom House, Boston, December 4, 1967.

must, like Chaucer's clerk, be willing to "gladly . . . lerne and gladly teche" when it assumes a role in social action. As one of them, Webb S. Fiser, has written:

"The interests included must contain all the different business and industrial interests, labor, religious groups, professional groups, civic associations and minority interests, social agencies and educational institutions.

"Many businessmen have a natural repugnance toward this procedure. First of all, they are not accustomed to meeting with representatives of many of these groups and therefore feel uncomfortable. Also the perspective of many of these people will seem strange to business leaders; yet it is precisely the accommodation of these perspectives that is required for community consensus . . .

"Second, businessmen will often want action and insist upon getting down to work. Bringing in a lot of other people creates the danger of delay. However, too great an emphasis upon action may get short-term results but is apt to build up opposition over the long haul. The only secure basis for community development is full consideration of all the important concerns of the community." [4]

As Fiser suggests, businessmen often assume that their economic power should automatically validate their ideas about the future of the community. This attitude offends the nonbusiness people, and in many community issues businessmen have demonstrated that they do not even perceive what their own long-run interests require, let alone what the public interest is.

A primary lesson of our experience was that involvement in housing-rehabilitation means a long, slow, often frustrating and time-consuming process of give and take. It is a path that requires much listening and much adjusting, and is as likely to bring abuse and noisy public criticism as praise. The company president should not be surprised if, just at the time when he thinks he deserves community acclaim for helping to bring a vast rehabilitation program to the area, he is burned in effigy. I was—and (to make things worse, since I'm in the gas utility business) in oil!

But he must not let this deter him from the effort. The alternative could be an accelerating plunge of our cities into decay and violence and an ever-widening gulf between great segments of our population and the business-based economy that has accomplished so much.

FIND "GOOD EGGS"

A good omelet means starting with good eggs. Similarly, the starting point in rehabilitation is suitable structures to rehabilitate, and any company thinking of involvement in rehabilitation should first be sure that it has "good eggs." We therefore tell our visitors to look carefully at the neighborhoods under consideration to see if the pattern of population progression and sociological development seems to have left structures suitable for rebuilding.

The Roxbury-Dorchester section of Boston was originally a community of Yankee farmers. They were displaced in the early 1900's by Irish and Canadian immigrants. These in turn were succeeded by middle-class Jewish families, who moved to the "streetcar suburb" from downtown West End Boston as that area became Italian. Beginning in the late 1940's the black population of Boston expanded into Roxbury-Dorchester, which now is predominantly black.

The buildings are generally three-story brick apartment houses, with each entry serving six walk-up units. They were built in the mid-1920's, many of them as investments by families who then lived in one of the apartments. This meant that the structures were well-built and well-kept as long as the sociological pattern prevailed.

The pattern began to change in the 1950's, and it changed more precipitously in the 1960's as the black population increased. Overcrowding and undermaintenance produced a dramatically rapid deterioration in condition. Since these properties were mostly owned by the original builder-owners' children, who had moved away from the neighborhood or even from the city, real estate managers, acting for absentee landlords, bled the properties. When tenants left, taking lighting fixtures, hardware, and even doors, the properties were boarded up rather than rehabilitated.

Among these apartment buildings there often stood wooden single- or multiple-family dwellings of about the same vintage, usually still owner-occupied and only beginning to show the neglect that comes from despair that the area is doomed to decay. The government hoped that if the apartment structures were renewed, the owners of these smaller dwellings would be encouraged to keep them up, and in this way the neighborhood would be saved.

The characteristics of the buildings in BURP make them more suitable for rehabilitation than most of the millions of "deteriorated" or "dilapidated" buildings that abound in our nation's cities. They were built as multiunit structures; their rooms are large enough to permit rehabilitation by installing "a box within a box"; their foundations and bearing walls are still sound; and they also have adequate stairways and fire escapes.

Too often the inexperienced developer is tempted to try to convert large single-family town houses into apartments, or to try refurbishing buildings such as the so-called "old law" tenements in New York. In the first case, the large rooms, high ceilings, inadequate stairs, and so on, require too much rebuilding to be economic. In the other case, the tiny rooms neither meet present-day building code requirements nor permit the box-within-a-box technique that seems to be the best approach to rehabilitation.

It is cheaper by far, for instance, to "fur" over a cracked plaster wall and install gypsum board than to haul away the old plaster; the disposal of construction waste is a significant cost in a project. Similar handling of ceilings and floors provides a quick overhaul and a new appearance, and permits easy and inexpensive installation of new wiring and plumbing. The rule of thumb is to nail down and then cover up anything that doesn't smell, doesn't spontaneously combust, or doesn't contain live vermin.

There is a continuing debate among those experienced in rehabilitation as to how much to preserve and how much to renew. The answer must be an individual one, varying with the company and the project.

No nationwide survey seems to be at hand to spot the availability of potential rehabilitation structures. In some cities, such as Milwaukee, most of the lower-income residential properties are of a type that probably should be demolished or only modestly rehabilitated. The area of Boston selected for BURP offered residential housing almost ideal for rehabilitation. Out of the vast pool of "deteriorated" and "dilapidated" residential buildings (using the latest dual classification of substandard dwellings) there must be great numbers that would meet the test of economics that BURP has demonstrated. Without them, forget it.

Know your government

Any rehabilitation program of substance inevitably becomes the concern of the city's political structure. Its success or failure can easily affect the political fortunes of an administration or at least of certain elected officials. It must, in short, be welcomed or at least tolerated, by officialdom.

Any business contemplating rehabilitation involvement on a large scale should carefully consider the attitude of the city government. For example:

Is it a project the mayor will endorse?

Will the city council favor or oppose it?

Are the assessors sympathetic to the idea of providing a greater supply of low-income housing through the salvage of properties to which the city now holds tax title?

What is the approach of the city's building code enforcement agency to the use of new materials, new techniques, and new construction methods?

That last question is particularly crucial because building restrictions can be a serious impediment. It is important, for instance, to check out at an early stage whether the rehabilitated properties will be subject to current building code requirements or recognized as falling within a "grandfather" clause.

Many zoning, building code, and setback restrictions were developed in the 1940's and early 1950's, when the threat of urban blight was unknown or unappreciated. Their goal was the gradual elimination of existing nonconforming structures. In today's situation such restrictions are unrealistic if applied to the rehabilitation of 40-year-old buildings.

At least two favorable preconditions for rapid, economic implementation of a large housing program were present in Boston. Urban renewal in the city was lodged in a single agency, the Boston Redevelopment Authority (BRA), with centralized power and control that helped to cut red tape. Moreover, the city government had established a precedent for tax treatment of commercial property that would not impose a crippling hardship on rehabilitation. Such preconditions may not prevail in other cities.

Even so, BURP needed a sympathetic city administration to prevail over a difficult interregnum situation in the early days of the project. BURP was put together in the fall of 1967, shortly before city elections were to bring about a change of administration that included both the mayor and his urban renewal administrator. Fortunately the new mayor, Kevin H. White, moved quickly to name a new head of the BRA, Hale Champion, who joined with the mayor in action to overcome the program's birth pangs.

Federal agencies: Valuable attributes are knowledge of and patience with the staffs and procedures of federal agencies involved in inner-city housing. Too often a businessman approaches these agencies belligerently with demands for instant action, then retreats in furor and frustration when they are not immediately met. Such an approach to a normal business transaction might very well produce negative results.

More important are a perspective on the procedures and a personal relationship with those handling the government's part of the processing. This can range from a first-name acquaintance with secretaries checking entries on forms to a top-level friendship that permits clearance of important policy points by telephone.

In the case of BURP one of the primary objectives set by HUD Secretary Weaver was to try to cut through lengthy procedures and greatly reduce the time required to process applications for FHA mortgage insurance commitments. This was achieved to the extent that paperwork which had taken other developers 18 months to move through the steps from application to commitment was now completed within two months.

With this evidence that it can be done, we suggest to businessmen approaching us for

[4] *Mastery of the Metropolis* (Englewood Cliffs, New Jersey, Prentice-Hall, Inc., 1962), pp. 148–149.

advice that they first try to get "BURP processing" for their projects, using whatever persuasive powers they can muster through the local government and local agencies (which are usually just as eager to move ahead quickly). The applicant must be willing to move as fast as he is asking the agencies to do, and to respond with dispatch to any request they may make.

Work with the community

Nowhere is the businessman less sure of himself or more apprehensive than in dealing with a community of blacks (or other minorities). And no aspect of involvement in inner-city housing rehabilitation is more important. Experience in dealing with minority groups on nonhousing issues is a far more valuable asset than knowledge of rehabilitation techniques or the ability to understand sophisticated real estate financing.

The businessman seeking involvement in inner-city work must not naively assume, as many have done, that his company's arrival with a completely developed program will be greeted with open arms. The corporation must understand that black communities today are no longer docile and complacent, but are outspoken and demanding in their aims and goals. They are protective of their neighborhoods ("our turf") and will no longer allow decisions that impinge on their destiny to be made without their representation and participation. White businesses must accept the fact that they will most likely be regarded as intruders.

Here the lesson of BURP is certainly instructive. Its twin goals of speed and size led to early oversights and mistakes that caused problems with many elements of the black community. To assemble almost 3,000 dwelling units without undue real estate speculation and complete the rehabilitation in record time, it seemed to be advisable for the FHA to move quietly in the beginning and to select established and experienced real estate and rehabilitation firms as private developers.

Furthermore, to heighten the impact of the program, it was determined that the announcement should be made with a splash and a show. Little did we know, but danger was waiting.

At the announcement luncheon, held in a black settlement house which represented the social work approach of an earlier generation, Secretary Weaver—himself a black—was interrupted and challenged by black militants as he tried to explain the program. They denounced BURP as another effort of slumlords, undertaken without consulting or considering tenants or the community, to profiteer in the ghetto.

In succeeding days an extreme cold wave, coinciding with eviction notices, brought an avalanche of public complaints of hardship. A glorious experiment appeared doomed before it started.

We tell our businessmen visitors, therefore, that their principal concern, if suitable rehabilitation structures are available, should be to find the way of genuine community acceptance. To this end, they need the best possible advice from the community itself.

This means competent black advisers with whom mutual confidence has been established by previous business relationships. Sometimes they are employees, sometimes customers, sometimes community leaders whose causes the company has aided. From them it is possible to get guidance about the groups and persons who are the focal points of persuasion in the community.

It is not easy to determine the power structure or to estimate how long it may prevail. While there is a more-or-less recognized leadership, there is also, as in all other communities—but perhaps more so in the black ghettos—significant new leadership appearing within short periods of time. A company must realize that its friends of today may be the *ancien régime* of tomorrow. Plans for Columbia University's gymnasium and Governor Nelson Rockefeller's state office building originally received support from the Harlem community but were later blocked after a turnover in community leadership.

In the case of BURP, where it was necessary to counter community opposition promptly, we found that established company relationships with the NAACP, various youth and employment groups, a community social service center, and especially the widely respected black operator of a school of fine arts were invaluable resources.

Local partners: A search for allies or partners acceptable in the ghetto community may turn a company toward nonprofit organizations. This direction, however tempting, can bring the frustrations of inexpert, spare-time participation. Or it could result in a more radical step, a kind of black socialism. Either outcome makes real accomplishment very difficult to achieve, though there is a valid role for nonprofit organizations in eventual ownership of properties rehabilitated by business.

The best solution is to find black entrepreneurs with commercial talent (if not scope of experience) and help them perform as much of the ghetto operation as possible, not as fronts for the company, but as principals or at least equal partners in a rehabilitation enterprise.

Such persons can be located; through black employees and friends, we were able to identify a number of local people with the instinct for commercial enterprise. Black sports figures or entertainers need tax shelter, and successful black contractors and real estate operators can be found—though their businesses may be small.

The danger is that the white businessman who is unacquainted with his black community will team up with the very sort of glib, politically or spiritually motivated, impractical black person whom he would instantly identify and avoid if the person were white.

Real estate rehabilitation is one of the most promising fields for black entrepreneurs. The cash needs in FHA programs are modest, so large pieces of property can be put in the hands of black owners with small cash payments. The work can be broken down into easily managed portions, and the economies of scale that make some projects move amenable to the large corporate approach do not apply here.

Moreover, big business can be the most help precisely in the aspects of the program where black businessmen are the most limited. The construction work can be subcontracted so that white companies can be brought in for more sophisticated parts of the job until black firms develop expertise. Because most black firms are too small to afford accountants, the black entrepreneur can use help in keeping adequate records.

Bonding in the usual way will be a special problem, but, again, big business can fill the gap, either by endorsement or by itself guaranteeing the construction performance of the entrepreneurs. Of course, the FHA is likely to be reasonably flexible on a mortgage increase to cover overruns based on improvements and additions beyond the minimum contract specifications.

The benefits of bringing along capable, though inexperienced, black entrepreneurs and helping them take on the projects themselves are incalculable. Here is the "piece of the action" that the black community now insists on having. Here is the best chance of community acceptance. Here is the hope for mutually respectful employee and tenant-landlord relationships. Here opens the possibility of the ghetto reclaiming itself. And, with confidence established in their own business ability, the black developer-sponsors can impartially consider the commercial interests of their tutors.

We have worked with several black developer-sponsor teams in Boston, helping them get organized, leading them through the paperwork, giving them legal, financial, and technical advice, and using our knowledge of city and federal agencies for their benefit. These black groups either have completed or are carrying out more than $5.5 million worth of rehabilitation projects in Boston, involving nearly 450 apartment units—far more than a token share of the rehabilitation work being done in the area. And they have chosen gas heat for all of these units.

Consider your tenants

An early concern of the developer should be a tenant audit, including, when possible, data on both family size and income level. With this information he can make adequate provision in his planning for size of families. Otherwise, he may find out after the job is finished that he underestimated the number of four-bedroom apartments that would be needed, giving him a severe relocation problem.

This happened with BURP. We failed to insist on a tenant audit, not realizing this was important even at the expense of speed of completion of the work. The result was that a number of so-called "oversized" families, previously permitted to crowd into inadequate quarters in unregulated structures, could not qualify under FHA regulations—either by size or income level—for the refurbished units. (I should add here that, by means of rent supplement contracts with HUD and of leased public housing contracts with the local housing authority, tenants with inadequate incomes can be accommodated.)

We also tell our business visitors to try their best to make sure that the structures to be rehabilitated follow FHA regulations on filling the needs of the present tenants. (This is conditioned to some extent by the necessity for secrecy in assembling the real estate, to avoid driving up prices.)

In planning for tenant occupancy, by the way, the sponsor may wish to weed out families who are chronically delinquent in paying their rent or have other undesirable characteristics. But it is unrealistic to expect that such tenant selection can be accomplished unilaterally. Tenant organizations, probably supported by community leaders, will insist on the right of first refusal for present occupants to return to the rehabilitated apartments.

If the sponsor decides to relocate many large families without first making suitable provision for them, he is headed for trouble. The public clamor, based on a claim of undeniable injustice, will undo any gains in bricks and mortar. A good relocation plan is a must.

Prepare yourself, we say too, for a great deal of negotiating and consulting with tenants. A tenants' council most likely will be organized, but our experience is that you can live with it comfortably, and perhaps it may even come to provide the self-regulation and control lacking in typical low-income rental situations. The sponsor may be surprised to discover a spirit of cooperation in the leaders of tenant groups—except on the subject of ability to pay rent. They usually recognize that it is in the tenants' interest to eliminate troublesome occupants and keep the buildings well maintained. So, tenant organizations, often headed by officious matriarchs, will support landlords who insist on cleanliness and good housekeeping.

In our case, the regular weekly meetings of the BURP tenants' council became in part a forum for educating tenants in landlords' problems. As tenants saw the damage to

their own self-interest caused by recalcitrant neighbors, the council became useful as a final arbitrator of disputes.

In any event, a hard look at the tenant situation is a basic social precondition of business involvement in housing rehabilitation. And if trouble develops, the developer cannot necessarily depend on the courts to sustain what he considers to be a landlord's rights. As two experts on urban law and I recently wrote in the *Columbia Law Review*:

"With black militancy, community control, advocacy planning and all of the other social tides surging back and forth in low income communities, large scale undertakings of any sort cannot be successfully operated on the assumption that traditional legal rights, obligations and enforcement procedures will be heeded by anyone—even the courts." [5]

Watch for labor problems

As part of their understandable claims for a piece of the action, the ghetto residents will want some of the jobs created by the project. Here, again, the position of the black development team gives it a natural advantage over white developers; but to get the ghetto housing job done, the general contractors probably will require a majority of whites in some building trades for a long time to come.

In the meantime, as a partner of a black developer, the sponsor should prepare for confrontations with building trades unions and for the uncontrolled costs that result from use of pathetically unskilled black workers. Vandalism, at the least, will be the consequence if a satisfactory accommodation is not reached.

As for labor union problems, we can say that on the projects in which BURP was involved they were faced with firmness. When the union demanded the dismissal of nonunion blacks, it was refused, but the union was offered the opportunity to try to organize the workers. This offer was not immediately accepted, nor was our suggestion that they try to put white pickets at the job sites in the black community.

While it is likely that the situation in the building trades unions will gradually improve, it is nevertheless important to lose no time in building up a pool of capable, responsible black construction workers. One way in which the FHA can promote this effort is to take the lower productivity of unskilled workers into account in calculating mortgage commitments, perhaps with a productivity scale. Or else the government should provide training funds from other sources. To illustrate:

One of the principal white developer-sponsors in BURP attempted to satisfy community demands by employing a considerable number of blacks. Under FHA requirements, "prevailing wages" had to be paid. The result was almost catastrophic financially. Productivity was about one third that of skilled white workers. Expenses mounted while projects lagged.

Eventually the developer's training and apprenticeship programs began paying off in improved work performance. But project costs substantially exceeded mortgage limits, and efforts are even now being made to have these limits raised accordingly.

When contemplating a ghetto project of any size, the prudent businessman should remember that the social requirement of hiring substantial numbers of unskilled black construction workers will cost him extra money.

Take care in staffing

The range of these socioeconomic questions leads us naturally to ask our visitors if they have considered the staff necessary to handle the enterprise.

A fund of legal, financial, planning, and production expertise is necessary to interpret the National Housing Act, FHA regulations, and the Internal Revenue Code; to translate the titles and paragraphs into a housing package that makes financial sense; to lay out and oversee a program; to create a partnership of investors; to locate and acquire suitable properties; to find contractors; and finally to obtain the necessary money to launch the project. Only an organization with a strong profit motivation is likely to persist through this maze.

The missing element in most corporations that undertake these ventures is an urban affairs officer with enough experience to guide the company through the tangled and complex communty problems and enough authority in the corporation to see that the right things are done in the right way. We say, be sure you have such a man.

Analyze the "$ and sense"

By this circuitous route we bring our visitors back to some of their original questions, particularly concerning the profit possibilities in urban housing rehabilitation. Now we are on ground familiar to them—profit and loss statements, balance sheets, tax returns, and so on—but even here, real estate financing is apt to be an unknown quantity.

Until recently, few of the larger, publicly held U.S. companies have taken much interest in real estate, particularly residential real estate. Most real estate owners have been individuals, partnerships, or smaller publicly owned syndications. Usually the tax shelter from real estate is more significant than the cash earnings or book earnings. Because of the relatively low book earnings, publicly held companies conscious of their earnings per share have shied from real estate investing.

In the early days of urban renewal a number of major corporations did show an interest in the program, but largely for the purpose of exploring the possibilities of expanding the use of their products in the construction industry or the markets for their consumer goods. In the early 1960's, for example, the Aluminum Company of America and Reynolds Metals Company competed vigorously for urban renewal projects, and Westinghouse and General Electric also participated.

Concern remained, however, as to the impact of equity ownership on book earnings, the effect on traditional balance-sheet ratios of showing large mortgages in consolidated statements, the problems arising from rent controls, demands for open occupancy, and so on. Several major insurance companies, in fact, sold out large residential developments because they concluded that the public relations headaches exceeded the benefits to themselves.

Many of these objections can be overcome by investing in rehabilitation projects as a limited partner. With an interest of less than 50%, the investor is not required, under present accounting practices, to consolidate mortgages in his balance sheet or operating losses in his earnings statement. Also, he can remain anonymous to the tenants.

The principal factor in most speculative real estate developments is the spillover tax shelter, by which tax losses on cash-producing real estate can be used to reduce the taxes paid on income from other sources. The tax loss write-offs (rather large in comparison to the size of the equity investment) result from the interplay of two sets of legislation, the National Housing Act and income tax laws:

The Housing Act makes mortgage financing available on very favorable terms for a high percentage of the cost of acquiring and rehabilitating properties. As a result, relatively little in the way of cash equity investment is required. Offsetting this are rather strict legal restrictions on the distribution of cash earnings from these projects.

Section 167 of the Internal Revenue Code allows equity investors to take rapid depreciation on real state improvements, whether paid for out of equity investment or out of mortgage borrowing. This write-off, in turn, creates substantial tax losses for projects during their early years of operation. High tax-bracket investors, including corporations, who are limited partners in such projects may carry these losses into their tax returns as offsets to taxable income from other sources.

221(d)(3) 236: Among the several sections of the National Housing Act concerning the financing of real estate projects, 221(d)(3) was the basis for underwriting the BURP projects. It provides among other things that, in the case of "for profit" sponsors, the FHA will insure mortgage financing for up to 90% of the total cost of a rehabilitation project. It is also enables federal funds to be lent for this purpose at a 3% interest rate, repayable on a level debt service basis over 40 years.

The reader who is interested in the financial details of a typical BURP project can find them in the Appendix to this article (page 96).

In 1968 Congress amended the National Housing Act by the addition of Section 236 relating to low-income housing. It is similar in many respects to 221(d)(3). Under both programs 90% mortgage financing for limited dividend partners and 100% financing for nonprofit sponsors are authorized. Both sections limit the cash distributions to limited dividend developers to an amount that approximates 6% of the equity investment. Both are also subject to the HUD regulation that no more than 20% of the units in a given project may be leased to local housing authorities who, in turn, further subsidize rentals.

The two sections differ mainly in the form of the financing subsidy. Under 221(d)(3), mortgages are available either at or below market interest rates, with the latter salable to Ginnie Mae (Government National Mortgage Association). Section 236, on the other hand, permits developers to negotiate mortgages directly with lending institutions at market interest rates.

To cover the gap between tenant capacity to pay and interest expense at market rates, HUD pays a subsidy. Thus, the debt service paid by the mortgagor will vary from a minimum of 1% for the lowest income housing to 6%, depending on the tenants' income formula. Any balance between that figure and the market interest rate is made up by HUD in the form of an interest subsidy.

Section 236 also provides that on completion of rehabilitation the developers may sell to a nonprofit or cooperative entity, which can finance the purchase with a new mortgage at the then fair value of the project. This could permit a large enough mortgage to reimburse the seller for his entire investment, plus any taxes he incurs on the sale.

It is possible that, depending on treatment for tax purposes of the interest subsidy in the partnership accounts, the tax shelter created by a 236 project could be more favorable than a similar 221(d)(3) venture. The IRS has not yet clarified this.

'Jumping' partnership: Even without the opportunity to form a partnership with black athletes or entertainers who can use the tax shelter, a developer can still make a piece of the action available to the community through a so-called "jumping" partnership. Here is how it would work:

The partnership might include ghetto residents of modest means, who would be given a nominal interest—say, 10%. Since most of the tax shelter advantages will be realized by about the tenth year—and at that point certain tax recapture provisions will have run out—the partnership agreement would provide for automatic transfer of all or a large portion of the high tax-bracket

[5] Curtis Berger, Eli Goldston, and Guido A. Rothrauff, Jr., "Slum Area Rehabilitation by Private Enterprise," *Columbia Law Review*, May 1969, p. 739.

partners' interest to the 10% partner early in the eleventh year.

Such a transfer would of course occur without payment to the 90% partner. However, this probably does not represent much of a sacrifice in terms of capital gains, since it is difficult at the outset to place a high residual value 10 years in the future on partnership interests in rehabilitation projects. (Section 236 allows limited dividend projects to be sold to nonprofit entities with enough increase in the mortgage to provide the sellers with much of the cost required to pay their taxes.)

The financing available under the National Housing Act provides other advantages. For one, only property in the project itself is subject to the mortgage lien; it does not extend to the general or limited partners beyond their initial investment. Therefore the equity in one project cannot be pledged to support the indebtedness of another project. This prevents pyramiding of the type that led to the downfall of at least one major real estate enterprise in the past decade.

RATIONALE FOR INVOLVEMENT

Over drinks at the club or on the way to the airport at the day's end, after a tour of the rehabilitated apartments, we turn our visitors back to the motivation for their visit. It came, they say, from a nagging feeling that their company ought to be tackling some of the problems of our society, and the sneaking suspicion that perhaps they might also make money at it.

It is true that there is a great need for business to establish its legitimacy as an influential social institution in a society that has begun reexamining all of its perceived premises and challenging all of its conventional wisdom. A well-conceived program of residential property rehabilitation seems to offer a company a highly visible opportunity to express its compassion while demonstrating its business competence.

In our own instance, since the time we finally got BURP back on track, our efforts have drawn extensive and continuing favorable publicity and also have shown a reasonable profit. They have not only helped to rehouse one seventh of the black citizens in our franchised territory, but they have also brought considerable pride and satisfaction to many of our employees and helped greatly in attracting an unusually high quality of young executive recruits. The project has even brought some investment in both our equity and debt securities by colleges which feared, perhaps, that their portfolios might be challenged by their students "in this increasingly questioning age," as one college treasurer put it.

What, then, out of all our studies of other projects and our experience in BURP, do we recommend to these visitors? We arm all of them with a barely portable library on BURP and on housing, but the advice we give is explicit: Stay out of it unless you're willing to work as hard and tenaciously at it as at any important business problem. Stay out of it unless you can answer the hard questions we've asked and unless you're prepared to provide enough of the right kind of staff for it.

Under existing social conditions, rehabilitating occupied lower-income residential property can be likened to performing a major operation without being able to anesthetize the patient. It is no game for amateurs, and anyone who approaches the operating table with warm compassion but without trained competence will soon prove to be both a quack and a failure.

Nevertheless, it has become increasingly clear that large companies which make the same preparations that they would for a venture into a new territory or with a new product can succeed in the once-unknown terrain of the low-income areas of our central cities. The successful ones are pragmatic in facing the social issues that inevitably tangle and can destroy the best-intentioned efforts.

Companies willing to take some financial and public relations risks, willing to train their own staffs to participate in the problem solving, and willing to depend on outside consultation for sensitizing themselves to the problems—those companies, and only those, are ready to plunge into residential rehabilitation on a scale commensurate with their resources.

Companies unwilling to do these things but concerned about the crisis of the cities should just send money. But such money won't buy what most of the bright young people you are hoping to recruit are seeking: a sense of belonging to an organization that has the compassion to direct its capacities toward the crisis of our cities and that also has the intelligence and energy to do it within the framework of the free enterprise system.

The real challenge is to do good for society while doing well for your business. You can concentrate on increasing your sales and earnings; you can build your plants in relatively remote suburban areas inaccessible to the black ghetto. Thus for a while you may divorce yourself from a chance to help your country in a time of grave crisis and, indeed, from a chance to participate in one of the most challenging business adventures in the world today.

Justice Oliver Wendell Holmes, Jr. put the issue accurately when he said: "Life is action and passion. I think it is required of a man that he should share the action and passion of his time at peril of being judged not to have lived."

SHORELINE EROSION

Mr. NELSON. Mr. President, the Green Bay, Wis., Press Gazette recently published an article concerning damage done by the high water level on the Great Lakes. In spite of the serious erosion and destruction of property that occurred this year, the Great Lakes are expected to cause even more trouble along 10,000 miles of shoreline in 1970. Unfortunately, as the article points out, there is not much control that man has over these levels.

The only two feasible alternatives are adequate prevention measures such as seawalls and jetties, or massive Federal aid after the destruction has become so widespread as to warrant the area's being declared a disaster area.

Clearly, the first alternative, preventative measures, would be the reasonable and economic choice. Because much of our shoreline is owned by private citizens who are unable to finance the necessary precautionary steps without some aid, I introduced S. 2662 on August 18, 1969, to allow private citizens to receive up to 50 percent aid for such projects where there is a coordinated effort. This is the same figure that public institutions are able to apply for.

An identical bill has been introduced in the House by Representative SCHADEBERG and other Representatives.

The fact that the danger remains, as the article points out, is a clear indication that Congress should enact this type of legislation.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

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

HIGH WATER CENTERS DAMAGE ON MICHIGAN'S EASTERN SHORE

(By A. F. Mahan)

DETROIT.—With damages mounting and levels already near or surpassing high-water records for this century, the Great Lakes are expected to wreak more havoc along their 10,000 miles of shoreline in 1970.

Waves eating away embankments, particularly the high bluffs along eastern shores of lower Lake Michigan, are threatening to topple scores of homes and vacation cottages, whose front or back yards have already vanished.

Although there has been some damage from high water in parts of Sheboygan County, little damage has been reported in Northeastern Wisconsin, including the counties of Manitowoc, Kewaunee, Door, Brown, Oconto or Marinette.

Only a few years ago complaints were registered over the low water level and the fact that lakeshore property owners had to dredge canals to get boats to their docks.

Once high and dry private docks now are awash, waiting for a storm to carry them away. Where sandy beaches once stretched outward there now is water. Nearby low-lying areas once above water level now are marshes.

CUTS BRIDGE CLEARANCE

Some cruiser owners have found themselves unable to get their pleasure craft out of boathouses—rising water having shortened door-top clearance too much. Still others have found themselves cut off from the lakes, unable to get under canal bridges because higher water has given them no clearance.

No figures are available for 1969 damages, but the Lakes Survey District of the Army's Corps of Engineers estimated somewhat similar high waters did $61.2 million damages in the springs of 1951 and 1952.

And the three lakes over which man has virtually no control—Michigan, Huron and Erie—are expected to start their annual spring rises next year at levels considerably higher than they did this year.

EXPECT GREATER DAMAGE

Experts attribute the high waters to above normal precipitation in all of the five lake basins this year and last.

Speaking before the Great Lakes Commission, made up of representatives from the eight states bordering the lakes, Atty. Gen. Frank Kelley of Michigan said last month that "today's damages could be much higher than those of 1951–52 because of increased development along the shorelines."

Pointing to serious problems occasioned by low water in the early 1960s, Kelly said that "methods must be found to keep our lake levels within reasonable bounds."

Lake Erie's average July level was the highest for any July since the Lakes Survey District began keeping tabs on the inland seas in 1890. It was only 2¾ inches below the alltime one-month record set in May 1952.

Last month, Michigan, Huron and Erie were less than an inch and a half below their highest levels for this century.

PRECIPITATION IS KEY

The key to the problem is, of course, precipitation.

In the first six months of this year, the Lake Superior basin received 16.67 inches, against an average of 16.08 inches. In Michigan's basin it measured 21.33 this year, against an average of 17.72. The 1969 precipitation against the average for Huron was 19.51–17.56; Erie, 23.17–19.57; Ontario, 19.71–19.63.

Many things figure into just how much rainfall went into the lakes: Whether the rainfall was on frozen ground and ran off

quickly; whether it fell on dry or already wet grounds; whether it was in the fall or spring when trees, plants and other vegetation were absorbing large amounts; whether the weather was hot and evaporation high; whether lake-feeding streams were high or low, etc.

COMPARED TO SUPERIOR

The Great Lakes are tremendous bodies of water. If the contiguous 48 states were level, had a rim around them and all the water in the Great Lakes were dumped over them it would make a lake nine feet deep from the Atlantic to Pacific and Gulf of Mexico to Canada, according to Lakes Survey engineers.

Lake Superior is 350 miles long, 160 miles at its widest point and ranges up to 1,333 feet deep, Lake Ontario, smallest of the five, is 193 miles long and 53 miles wide.

High water is not unwelcome by all who use the lakes. It means money to ship operators. For each inch of water above the so-called low-water datum line or guaranteed channel depth a freighter can take on an additional 100 tons of cargo.

Last month, the lakes ranged up to 47 inches above the low-water datum line, and all were above both their average levels for the past 10 years and for the 1860–1968 period.

And the Lakes Survey forecasts all except Ontario will exceed their 10-year and long-term average levels for the next six months. Ontario is expected to dip below in December but turn upward in January.

TO BUILD SEAWALL

The Michigan Highway Department has announced plans to build a 3,900-foot seawall at a cost of $10 million to protect a section of the Interstate 94 business route through St. Joseph.

The Corps of Engineers can partly control the outflow of Superior and Ontario by dams with gates. But there's no control anywhere else.

Some have suggested widening of the Detroit and St. Clair Rivers and possibly some control works on Lake St. Clair would provide the answer. It might, engineers agree, but it would be too costly to undertake, with the river having to be pushed several blocks into downtown Detroit and into Windsor, Ont., on the other side.

NOMINATION OF HON. CLEMENT F. HAYNSWORTH TO SUPREME COURT

Mr. WILLIAMS of New Jersey. Mr. President, the Committee on the Judiciary is now considering President Nixon's second nomination to the U.S. Supreme Court. As we all must realize the nomination of Justices to the Supreme Court is one of the most important decisions a President must make. The Senate, in confirming those nominations is making judgments which affect the very fabric and fiber of our society for years to come. With these thoughts in mind we approach the nomination of Clement F. Haynsworth, Jr., to assume the Supreme Court seat recently vacated by the resignation of Abe Fortas.

The Supreme Court, and the entire judiciary, for that matter, is an institution which most Americans view with awe and reverence. It is the final arbiter of some of the most basic decision concerning each American's relationship to his fellow man and concerning his relationship to society. It is also the final protector of man's rights to be free from governmental restraint.

Several times in the history of our Nation, Presidents have set for themselves the task of changing the complexion of the Supreme Court. They have done this by nominating Justices whose policy inclinations accorded with their own. Most Presidents, however, have only had the opportunity to nominate one or two Justices and so the policy directions of the Court have changed very slowly. On rare occasions, however, a President may have the opportunity to make several nominations and thereby cause an immediate, almost cataclysmic change in policy direction. So, for example, President Roosevelt named nine Justices to the Supreme Court. In the process, he converted the Court from one which vetoed Presidential and congressional efforts to take this country out of the depression to a Court which was attuned to the needs of America's workingmen, to the needs of the oppressed in our society.

President Nixon, in less than 1 year in office has nominated two Justices. It is likely that in his remaining 3 years in office he will nominate at least one, perhaps even three more Justices. In one 4-year term he may be able to name a majority of the Court.

And what does this nomination represent? Clement Haynsworth's record is clear. As a sitting judge he has demonstrated some of the most regressive judicial thinking in at least two areas vital to the majority of America—the areas of labor and race relations. One perhaps could not quarrel if Judge Haynsworth's dissenting opinions were in landmark precedent-setting cases. But his dissents come in even the most obvious cases, cases raising the basic issue of workingmen's right to organize into a labor union in southern textile mills, mills where the basic salary for a full week's work is not much more than the minimum wage of $64 for a 40-hour week, cases raising the basic issue of a black man's right in the Southern United States to be free from legally imposed and fostered segregation.

If this is the kind of judicial temperament President Nixon wants on the Supreme Court, there is very little that can be done to prevent him from achieving his goal. The President can find other nominees who will vote against any effort to break the yoke of racial separatism, who will vote against even the most limited struggle of workingmen to improve their lot in life.

But the President not only has selected a man who rejects the strivings of the great majority of our society, he has selected a man who is insensitive to the needs for propriety in judicial conduct. Clement Haynsworth, admittedly, voted in favor of a textile company which was doing thousands of dollars worth of business with a company partially owned by Judge Haynsworth.

The judge has now also admitted purchasing $16,000 worth of stock in a company which, at the time of the purchase, was a party in a case before him. There has been considerable argument over the timing of this purchase of stock. It is now recognized that the judge bought the stock after he and his colleagues had reached their decision, in favor of the company, but before the opinion was written and before the decision was announced.

In my judgment, this appears to be as unconscionable as the "insider trading" prohibited by the Securities Exchange Act.

Both of these business transactions would be illegal if committed by an ordinary citizen and the wrong is certainly compounded by the fact that he was a judge. A judge should not permit himself to participate in this kind of conduct.

Whether or not Judge Haynsworth's conduct is unethical, is in my judgment, a question which need not be resolved. He has demonstrated a complete lack of judicious sensitivity. He has not sufficiently demonstrated sensitivity to the need for a judge to maintain both the appearance and substance of unimpeachable propriety that American people have a right to expect in all the judges in the land; certainly in the members of the Supreme Court of the United States.

If the nomination of Judge Haynsworth is not withdrawn, I shall vote against its confirmation.

STATEMENT OF POSITION ON TAX REFORM ACT BY 70 PENNSYLVANIA COLLEGES AND UNIVERSITIES

Mr. SCHWEIKER. Mr. President, on Wednesday, October 1, the minority leader, the distinguished Senator from Pennsylvania (Mr. SCOTT), and I had the distinct pleasure of meeting with Gaylord P. Harnwell, president, University of Pennsylvania; William W. Hagerty, president, Drexel Institute of Technology; Clarence Moll, president, Pennsylvania Military College; Rev. Robert J. Welsh, president, Villanova University; and Donald L. Helfferich, president, Ursinus College, who provided us on behalf of 70 independent institutions of higher education in the Commonwealth of Pennsylvania, attended by more than 128,000 students, a statement of position on the Tax Reform Act of 1969.

I ask unanimous consent that the statement of position by the Pennsylvania colleges and universities be printed in the RECORD.

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

A STATEMENT OF POSITION ON THE TAX REFORM ACT OF 1969 (H.R. 13270) BY THE FOLLOWING 70 PENNSYLVANIA COLLEGES AND UNIVERSITIES, SEPTEMBER 29, 1969

Albright College, Reading; Beaver College, Glenside; Bryn Mawr College, Bryn Mawr; Bucknell University, Lewisburg; Cabrini College, Radnor; Carnegie-Mellon University, Pittsburgh; Cedarcrest College, Allentown; Chatham College, Pittsburgh; Chestnut Hill College, Chestnut Hill; College Misericordia, Dallas; Dickinson College, Carlisle; Drexel Institute of Technology, Philadelphia.

Eastern Baptist College, St. Davids; Franklin and Marshall College, Lancaster; Gettysburg College, Gettysburg; Gwynedd Mercy College, Gwynedd Valley; Haverford College, Haverford; Immaculata College, Immaculata; Juniata College, Huntingdon; Keystone Junior College, La Plume; King's College, Wilkes-Barre.

Lafayette College, Easton; La Salle College, Philadelphia; Lebancn Valley College, Ann-

ville; Lehigh University, Bethlehem; Lincoln University, Lincoln University; Marywood College, Scranton; Moravian College, Bethlehem; Muhlenberg College, Allentown; Pennsylvania Military College, Chester; Philadelphia College of Pharmacy and Science, Philadelphia; Philadelphia College of Textile and Science, Philadelphia; Rosemont College, Rosemont.

Saint Joseph's College, Philadelphia; Susquehanna University, Selinsgrove; Swarthmore College, Swarthmore; University of Pennsylvania, Philadelphia; University of Scranton, Scranton; Ursinus College, Collegeville; Villanova University, Villanova; Washington and Jefferson College, Washington; Westminster College, New Wilmington; Wilkes College, Wilkes-Barre.

Twenty-seven additional independent colleges and universities are listed in Appendix C annexed hereto.

Believing that tax reform need not and should not be achieved at the expense of the long-range national interest, we join the American Council on Education and its 1538 institutional members in opposing certain provisions of H.R. 13270 that would adversely affect higher education by weakening some of the most effective incentives to its voluntary financial support.

Higher education in the United States has produced the men and women who have put Americans on the moon, banished many killing diseases, developed our economy, and made our system of government work. It holds our ultimate hope of rising to such critical challenge as the social and environmental ills of our cities. Clearly, funds contributed to colleges and universities go to the heart of our national welfare.

Today, the resources of our institutions are severely strained by the burgeoning demands on our services in the face of inflation and cutbacks in Federal aid. We need more money, not less. Any discouragement of personal philanthropy from our accustomed benefactors would, it is submitted, increase rather than lessen the burden on the Federal government for the support of our institutions and indeed for our survival.

A gift to an educational institution has these characteristics that we believe pertinent to any consideration of its tax treatment:

It is a wholly discretionary expenditure.

It is an act of constructive citizenship, facilitated by favorable tax policy but motivated by a concern for human good.

It is essentially an unselfish act; whatever the tax consequences, it reduces the donor's net worth.

With these insights into the nature of educational philanthrophy and its importance to the vitality of our institutions, we have examined H.R. 13270 and assessed its implications in the broad context of the stated purposes of the Bill.

We concur in the purposes and general thrust of the Bill. We also concur in the principle that no individual should be able to "profit," that is, increase his net worth, by reason of donations to our institutions. The enactment of some of the provisions supported below, it should be pointed out, will close meaningful avenues of past support for our institutions.

Acceptable provisions of H.R. 13270

(1) Repeal of the Clay Brown transaction (pps. 25–26).*

The taxation of "unrelated debt financed income" of a charity where it acquires a business or investment property is justified. However, as written, it is possible that by reason of the definition of "obligation" in the statute, a promise to pay a life income or annuity in return for a gift of property will give rise to taxation. The life income contract and annuity agreement as used by our institutions is wholly distinct from the Clay Brown situation and the statute must be clarified if this unintended and unjustified side effect is to be avoided.

(2) Extension of the unrelated business income tax to activities which are not within the "function" of educational institutions and do constitute unfair competition to private enterprises (pps. 26–28).

(3) The increase in the annual limitation of deductibility of contributions to colleges and universities from 30% to 50% (pps. 31–32).

(4) Repeal of the unlimited deduction (pps. 32–33).

(5) Taking gain or income into account for tax purposes in the case of appreciated gifts to our institutions involving short term capital gain or ordinary income had the donated property been sold (pps. 33–35).

(6) Repeal of the Two Year Charitable Trust Rule (pps. 35–36).

(7) Allocation of basis in the case of a bargain sale of appreciated property to our institutions (pps. 33–35).

(8) Repeal of deduction for the charitable income trust with non-charitable remainders (pps. 38–39).

(9) Increase in the standard deduction (pps. 100–101).

(10) *Most important*, the continued deductibility at fair market value of the vital gifts to our institutions of long term appreciated securities and real estate.

Objectionable provisions of H.R. 13270

We feel impelled to oppose with the deepest conviction the following provisions, the enactment of which we believe would critically impair the voluntary support and financial viability of our institutions:

(1) Inclusion of the long term appreciation in donated securities and real estate in tax preference income for purposes of limited tax preference and allocation of deductions (pps. 47–50).

Gifts from individuals are the greatest single source of voluntary support for our colleges and universities; the largest of these gifts are commonly made in the form of appreciated property. In a sampling of Pennsylvania colleges and universities, a majority reported that from 30% to 70% of their total gift income from individual donors during 1968–69 was received in this form. (See Appendix A annexed hereto). Over the past three years, an average of 40.6% of outright gifts received by 18 of our institutions from individuals amounting to $43,415,000 consisted of securities.

The Ways and Means Committee deliberately chose to continue the deductibility of long term appreciated gifts at fair market value; the Bill's inclusion of the appreciation in tax preference income and in allocation of deductions is inconsistent with the principle which the Committee studied and upheld. Adoption of this provision would be severely damaging to our institutions; it would discourage precisely the very large gifts that make or break our programs of voluntary support. The deductibility of such gifts of appreciated property produces a benefit to society wholly distinctive from the other stated tax preference items. The unfortunate consequences of this provision would, in our judgment, discourage such vitally needed philanthropy at great cost to our future welfare and for relatively little revenue to the federal government.

(2) Inclusion of gifts of "a future interest in property" among those appreciated gifts that would be disqualified for deduction on the basis of fair market value (p. 34).

The adverse effect of this provision would appear unintended. The stated reasons for denying deduction for such gifts are (a) difficulty in evaluation and (b) over-valued claims for deduction. Although abuses infrequently arise in the valuation of gifts of tangible personal property, they do not occur in gifts of future interest. For colleges and universities, the provision would virtually eliminate gifts subject to life income. These gifts are usually made by donors of limited means who wish to contribute substantially to their college or university, but who must safeguard their personal lifetime security by retaining the income from their gifts. Upon the death of the income beneficiaries, the gift passes irrevocably to the institution.

The value of the tax deduction on such a gift is exactly ascertainable by mathematical computation; under existing law, it is determined by reference to U.S. Treasury issued actuarial tables.

The experience of representative Pennsylvania colleges and universities during 1968–69 (See Appendix B attached hereto) shows that gifts subject to life income are preponderantly in the form of securities. Such gifts would be markedly discouraged, if not altogether precluded, by the loss of fair market value deductibility.

(3) The assorted effective dates of various provisions of H.R. 13270 and the prospective application of new rules to past established contracts or trusts between donors and our institutions are not only confusing, but are inequitable. Such arrangements entered into with *bona fide* reliance on existing statutes or regulations should not, we submit, be upset.

Other provisions of H.R. 13270 to which we respectfully call attention are:

(1) Charitable Remainder Trusts (pps. 37–38).

Tied in with gifts of "future interest," previously discussed, these provisions designed to prevent a life tenant from benefiting at the expense of the remainder interest passing to our institutions, fail to distinguish between situations where control of the assets is in the hands of the educational institutions and where it is not. Where an educational institution is Trustee, the possibility of abuse is eliminated, for, realistically, no reputable college or university would countenance tax mischief on the part of a donor. Similarly, trust law concepts of every state impose fiduciary responsibilities upon Trustees, which make improper administration punishable by surcharge. The Bill provisions would eliminate deduction for the traditional life income gift, namely, a reservation of a life estate in real property with the property passing outright at the death of the life tenants to a college or university. Again, in such a situation, deduction abuse is not possible and the basis for this restriction is without merit.

(2) Charitable contributions of estates and trusts (pps. 36–37).

The one-year "set aside" limitation is insufficient where circumstances beyond the control of a Trustee or an Executor (e.g., tax audits, litigation, appraisals) prevent a distribution to a charity within that period.

(3) Gifts of tangible property (pps. 33–36).

Other than a gift of one's own work by an artist, author, or other creative person, gifts of tangible property are now capable of fair evaluation by Treasury procedures, which prevent an excessive deduction. The fair market value deduction has encouaged gifts of unique manuscripts and great works of art to our institutions that might otherwise not be made available to students, scholars and the public.

(4) Gifts of use of property (p. 37).

This provision requires a clarification of definition. As written, a donor might be denied a charitable deduction for a gift of 50 acres of a 100-acre tract of land, or a remainder interest subject to a life estate. As intended, the provision was to deny a deduction for the fair rental value where a gift of use of property was made—a principle we do not oppose.

(5) Filing information returns (pps. 18–19).

While none of our institutions objects to disclosure to the Treasury of its income and expenses, or its donors or highly compensated employees, the extraordinary proposal to expose this latter information by name and

*References are to August 18, 1969 *Summary of H.R. 13270* prepared by the Staffs of Joint Committee on Internal Revenue Taxation and Committee on Finance.

address to the public record could have serious adverse consequences in the day-to-day operations of our institutions. The rationale for their rule with respect to "private foundations," namely policing their exempt status, is inapplicable, we submit, to educational institutions such as ours. Our purpose is in evidence on our campuses at all times.

In addition, we question the logic of taxing foundations at a revenue-producing rate. Foundations are an important source of support for higher education and a stimulant to innovative solutions to society's problems. To supervise foundations and require them to bear the cost of supervision is eminently fair; to impose a tax upon them ostensibly to raise revenue would be a denial of the function for which this type of organization was permitted by Congress.

Regulation of foundation expenditures through penalty must not be an excuse for control; if this happens, their distinctive contribution to society will be largely lost, and contemporary problems, often requiring legislative cures, will ultimately lose the benefit of the research which Foundations have supported with increasing effectiveness.

Conclusion

Tax reform, once enacted, will influence national priorities for years to come. We believe the Congress would agree that the development of our capabilities in higher education must have a basic place among these priorities.

Speaking for 70 colleges and universities in the Commonwealth of Pennsylvania that are educating approximately 128,600 students each year and whose expenditures for that purpose aggregated over $348,000,000 in 1968, we urge that while tax reform is needed and timely, remedial legislation must not impede the fulfillment of national expectations vested in our country's colleges and universities. If we are to continue to provide knowledge, education, and understanding as wellsprings of our nation's strength, critical incentives to private support require the endorsement of our nation's leaders.

APPENDIX A.—GIFTS OF SECURITIES OR REAL ESTATE TO REPRESENTATIVE PENNSYLVANIA COLLEGES AND UNIVERSITIES FROM INDIVIDUAL DONORS IN FISCAL YEAR ENDING JUNE 30, 1969

Institution	Value of gifts of securities or real estate from individuals	Percentages of such gifts to total gifts from individuals
Haverford	$1,214,000	70
Pennsylvania	6,909,000	61
Juniata	243,000	53
Lehigh	2,022,000	52
Chatham	5,000,000	50
Carnegie Mellon	6,573,000	48
Lafayette	674,000	44

APPENDIX A.—GIFTS OF SECURITIES OR REAL ESTATE TO REPRESENTATIVE PENNSYLVANIA COLLEGES AND UNIVERSITIES FROM INDIVIDUAL DONORS IN FISCAL YEAR ENDING JUNE 30, 1969—Continued

Institution	Value of gifts of securities or real estate from individuals	Percentages of such gifts to total gifts from individuals
Bryn Mawr	$1,536,000	44
Pennsylvania Military College	561,000	40
Moravian	244,000	34
Rosemont	271,000	34
Washington & Jefferson	418,000	33
Drexel	327,000	32
Gettysburg	352,000	27
St. Joseph's	350,000	26
Bucknell	441,000	24
Lebanon Valley	58,000	23
Westminister	280,000	22
Villanova	89,000	15

APPENDIX B.—ILLUSTRATIVE GIFTS SUBJECT TO RESERVATION OF LIFE INCOME MADE IN THE FORM OF SECURITIES

Institutions	Total value of gifts subject to life income	Percentage of such gifts made in securities
Philadelphia College of Pharmacy and Science	$150,000	100
Drexel	300,000	100
Lehigh	1,480,000	95
Carnegie Mellon	621,000	91
Pennsylvania	2,597,000	87
Bryn Mawr	750,000	85
Gettysburg	293,000	60
Bucknell	623,000	41

APPENDIX C

Additional endorsing institutions of Pennsylvania Commission for Independent Colleges and Universities

Allegheny College, Meadville; Alliance College, Cambridge Springs; Carlow College, Pittsburgh; Delaware Valley College of Science & Agriculture, Doylestown; Dropsie College, Philadalphia; Duquesne University, Pittsburgh; Elizabethtown College, Elizabethtown; Gannon College, Erie; Geneva College, Beaver Falls; Grove City College, Grove City; Holy Family College, Philadelphia; Lycoming College, Williamsport; Mercyhurst College, Erie; Messiah College, Grantham; Moore College of Art, Philadelphia.

Mt. Aloysius Junior College, Cresson; Philadelphia College of Art, Philadelphia; St. Charles Borromeo Seminary, Philadelphia; St. Francis College, Loretto; St. Vincent College, Latrobe; Seton Hill College, Greensburg; Thiel College, Greenville; Valley Forge Military Junior College, Wayne; Villa Maria College, Erie; Waynesburg College, Waynesburg; Wilson College, Chambersburg; York College of Pennsylvania, York.

THE WATER POLLUTION CONTROL FUNDING GAP

Mr. YARBOROUGH. Mr. President, a clean and healthful environment is emerging as one of the most discussed public issues. Population experts remind us that we can expect the United States to have a population of 300 million by the end of the century. Resource experts remind us that although populations are variable, resources are fixed. No matter how many people there are, the supply of air, water, and land remains the same.

These facts can only mean that greater care must be taken to use resources wisely, and to leave them in a condition that permits them to be reused over and over.

We are all aware by now that this is especially true of water. Ever since 1956, when Congress first enacted water pollution control legislation, the public has been aware that pollution of the national water supply is the most critical of all environmental pollution. But it is also a condition we know how to control. We know what is necessary to have pure water, and still use it for industry, transportation, recreation, and public supply.

We are not waiting for a technological breakthrough; we are waiting for a budgetary breakthrough. The figures speak for themselves. The September issue of Nation's Cities contains a documentation of the water pollution control funding gap. It shows that 71 percent of the need for funds will go unmet in the budget. Of $1 billion authorized, only $214 million is requested for the Clean Waters Restoration Act for fiscal year 1970.

For Texas, $51 million is allocated under the 1970 authorization, but only $9.6 million would be available under the budget request. We are not going to control the Nation's growing pollution problem at that rate. I ask unanimous consent that the table and an article entitled "Are the Cities Trapped in the Water Pollution Control Funding Gap?" be printed in the RECORD.

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

THE WATER POLLUTION CONTROL FUNDING GAP

AUTHORIZATIONS VS. ALLOCATIONS UNDER THE 1966 CLEAN WATERS RESTORATION ACT

[In millions]

States	1968		1969		1970		1968–70 funding gap total [1]			
	Authorized	Allocated	Authorized	Allocated	Authorized	Allocated [1]	Total authorized	Total allocated	Total gap	Not funded (percent)
Totals	$450.0	$203.0	$700.0	$214.0	$1,000.0	$214.0	$2,150.0	$631.0	$1,519.0	70.7
Alabama	8.4	4.1	12.9	4.1	18.3	4.1	39.6	12.3	27.3	68.9
Alaska	1.2	.9	1.5	.9	1.9	.9	4.6	2.7	1.9	41.3
Arizona	3.8	2.0	5.6	2.1	7.8	2.1	17.2	6.2	11.0	64.0
Arkansas	5.2	2.9	7.6	2.8	10.6	2.8	23.4	8.5	14.9	63.7
California	35.3	14.6	56.9	14.9	82.8	14.9	175.0	44.4	130.6	74.6
Colorado	4.7	2.4	7.1	2.4	10.0	2.4	21.8	7.2	14.6	67.0
Connecticut	6.2	2.9	9.7	2.9	13.9	2.9	29.8	8.7	21.1	70.8
Delaware	1.6	1.1	2.3	1.1	3.0	1.1	6.9	3.3	3.6	52.2
District of Columbia	2.3	1.3	3.3	1.3	4.6	1.3	10.2	3.9	6.3	61.8
Florida	11.8	5.3	18.6	5.4	26.8	5.4	57.2	16.1	41.1	71.9
Georgia	9.8	4.6	15.1	4.6	21.6	4.6	46.5	13.8	32.7	70.3
Hawaii	2.2	1.4	3.0	1.3	4.1	1.4	9.3	4.1	5.2	55.9

Footnotes at end of table.

THE WATER POLLUTION CONTROL FUNDING GAP—Continued

AUTHORIZATIONS VS. ALLOCATIONS UNDER THE 1966 CLEAN WATERS RESTORATION ACT—Continued

[In millions]

States	1968		1969		1970		1968–70 funding gap total [1]			
	Authorized	Allocated	Authorized	Allocated	Authorized	Allocated [1]	Total authorized	Total allocated	Total gap	Not funded (percent)
Idaho	$2.5	$0.5	$3.4	$1.6	$4.5	$1.6	$10.4	$3.7	$6.7	$64.4
Illinois	22.9	9.6	36.7	9.8	53.4	9.8	113.0	29.2	83.8	74.2
Indiana	11.1	4.9	17.5	5.0	25.2	5.0	53.8	14.9	38.9	72.3
Iowa	6.9	3.3	10.7	3.3	15.3	3.3	32.9	9.9	23.0	69.9
Kansas	5.7	2.8	9.6	2.8	12.2	2.8	26.5	8.4	18.1	68.3
Kentucky	7.8	3.7	12.0	3.8	17.0	3.8	36.8	11.3	25.5	69.3
Louisiana	8.3	4.0	12.7	4.0	18.1	4.0	39.1	12.0	27.1	69.3
Maine	3.1	1.9	4.5	1.9	6.1	1.9	13.7	5.7	8.0	58.4
Maryland	7.5	3.5	11.8	3.6	17.0	3.6	36.3	10.7	25.6	70.5
Massachusetts	12.0	5.3	19.1	5.4	27.6	5.4	58.7	16.1	42.6	72.6
Michigan	18.0	7.7	28.7	7.8	41.6	7.8	88.3	23.3	65.0	73.6
Minnesota	8.4	3.9	13.1	3.9	18.7	3.9	40.2	11.7	28.5	70.9
Mississippi	6.2	3.4	9.2	3.4	12.8	3.4	28.2	10.2	18.0	63.8
Missouri	10.3	4.7	16.3	4.8	23.4	4.8	50.0	14.3	35.7	71.4
Montana	2.4	[2].7	3.3	1.5	4.5	1.5	10.2	3.7	6.5	63.7
Nebraska	4.0	2.2	5.9	2.1	8.2	2.1	18.1	6.4	11.7	64.6
Nevada	1.2	.9	1.7	.9	2.2	1.0	5.1	2.8	2.3	45.1
New Hampshire	2.2	1.4	3.0	1.4	4.0	1.4	9.2	4.2	5.0	54.3
New Jersey	14.0	6.1	22.4	6.2	32.4	6.2	68.8	18.5	50.3	73.1
New Mexico	3.1	[2].7	4.4	1.9	6.0	2.1	13.5	4.7	8.8	65.2
New York	37.6	15.5	60.7	15.8	88.4	15.8	186.7	47.1	139.6	74.8
North Carolina	11.1	5.2	17.4	5.2	24.9	5.1	53.4	15.5	37.9	71.0
North Dakota	2.3	[2].3	3.3	1.6	4.3	1.6	9.9	3.5	6.4	64.6
Ohio	22.1	9.4	35.5	9.6	51.5	9.6	109.1	28.6	80.5	73.8
Oklahoma	6.1	3.1	9.3	3.1	13.2	3.1	28.6	9.3	19.3	67.5
Oregon	4.7	2.4	7.1	2.4	10.1	2.4	21.9	7.2	14.7	67.1
Pennsylvania	25.7	10.8	41.3	11.0	60.0	11.0	127.0	32.8	94.2	74.2
Rhode Island	2.7	1.6	3.9	1.6	5.3	1.6	11.9	4.8	7.1	59.7
South Carolina	6.5	3.4	9.7	3.4	13.7	3.3	29.9	10.1	19.8	66.2
South Dakota	2.5	[2].3	3.5	1.7	4.6	1.8	10.6	3.8	6.8	64.2
Tennessee	9.0	4.3	13.9	4.3	19.8	4.3	42.7	12.9	29.8	69.8
Texas	22.0	9.4	35.2	9.6	51.0	9.6	108.2	28.6	79.6	73.6
Utah	2.9	[2].7	41.1	1.8	5.6	1.8	12.6	4.3	8.3	65.9
Vermont	1.8	1.4	2.4	1.3	3.0	1.3	7.2	4.0	3.2	44.4
Virginia	9.7	4.5	15.1	4.5	21.7	4.5	46.5	13.5	33.0	71.0
Washington	7.0	3.3	11.0	3.3	15.7	3.3	33.7	9.9	23.8	70.6
West Virginia	5.2	2.7	7.8	2.8	10.8	2.8	23.8	8.3	15.5	65.1
Wisconsin	9.5	4.4	15.0	4.4	21.5	4.4	46.0	13.2	32.8	71.3
Wyoming	1.5	[2].005	2.1	1.2	2.6	1.2	6.2	2.4	3.8	61.3
Guam	1.6	[2].8	1.6	1.5	1.7	1.4	4.9	3.7	1.2	24.5
Puerto Rico	6.6	3.5	9.8	3.5	13.7	3.5	30.1	10.5	19.6	65.1
Virgin Islands	1.5	1.5	1.5	1.4	1.6	1.4	4.6	4.3	.3	6.5

[1] 1970 appropriations still pending.

[2] Actual amounts used by these 8 States although they were entitled to use more. Unused amount totaling $8.3 million from these 8 reallocated to other states.

Source: Federal Water Pollution Control Administration.

ARE THE CITIES TRAPPED IN THE WATER POLLUTION CONTROL FUNDING GAP?

(By Raymond L. Bancroft)

Hopes were high back in 1966 when the Congress approved the Clean Waters Restoration Act. NATION'S CITIES called it "one of the 89th Congress' most sweeping accomplishments."

And indeed it was. The act called for a steady and steep rise in federal assistance for sewage treatment facility construction—from $150 million in fiscal 1967 to $450 million in 1968, $700 million in 1969, $1 billion in 1970, and $1.25 billion in 1971. Financially hard-pressed cities and counties were enthusiastic about the prospects of really being able—with increased federal help—to meet the water quality standards then being drafted by state water agencies under the Water Quality Act of 1965.

While the lofty money authorization levels set in the 1966 act remain intact, however, the appropriations to match them have not been made by Congress. In fact, as the table on page 8 shows, the appropriations from fiscal year 1967 through 1970 (including $214 million asked for '70) total $781 million, only a third of the $2.3 *billion* authorized. Construction grant officials in the Federal Water Pollution Control Administration said in July that applications for non-existent funds continue to pile up. A total of 4,648 applications for construction grants are now languishing in FWPCA regional offices or in state water pollution bureaus.

The result of the lag in federal funds for wastewater construction projects naturally has "put the burden back on the localities" to pay for needed projects, says Robert Canham, acting executive secretary of the Water Pollution Control Federation, a national association representing both industry and government.

"This whole situation has tended to lead to a lack of confidence by local and state officials in what federal aid levels will be," Canham adds. "The states are recognizing the problem where it counts . . . through their taxpayers with the expectation of federal assistance later."

The fact that municipalities and states are taking up the slack in waste treatment facility building left by inadequate federal assistance is borne out in a new WPCF publication, *Water Pollution Control Facts*.

"The influence of the federal grants program for the construction of wastewater treatment facilities, even at its $214-million per year level, assures the proper encouragement of construction by municipalities," the report states. "Witness the 1968 increase over 1967; it showed a 20 percent increase for a total of $1.35 billion, despite the fact that the level of federal grants funds did not increase. Fiscal 1970 continues at the $214 million level, the same as fiscal 1969. At least this will keep up the momentum."

Canham, however, wonders what will happen to the fight against water pollution when the 1966 act's current authorization expires in fiscal 1971, particularly if increased federal appropriations aren't forthcoming.

"The whole effort is bound to suffer," he says.

In advocating that Congress appropriate the full $1 billion authorized for fiscal 1970 construction grants, the National League of Cities has pointed out the bind in which many cities will find themselves if they cannot get federal assistance.

"Local improvements must be made since the act provides for enforcement through the courts," said NLC President C. Beverly Briley, Mayor of Nashville, in a letter to President Nixon urging his support of the full appropriation.

"Local units will be compelled to proceed with major improvements and expenditures whether or not the federal government meets its obligations. The sad product will be that cities will be forced to clean up the waterways but will do so at the expense of improving housing, education, and other critical local needs which draw upon the same resource base."

Already communities in Pennsylvania, Missouri, Florida, California, and New Jersey have faced state-imposed restrictions on future residential and commercial construction because of water pollution problems.

But many observers, including the NLC, feel it is unfair for cities to be forced to comply with water quality standards while many are not able to financially meet them because Congress has failed to appropriate funds already authorized.

Mayor Briley urged the Administration to either support efforts to get full appropriations or, if this is not possible, to modify the schedule of compliance to permit cities a longer period of time in which to meet water quality standards.

The primary reason for lack of adequate federal financing of the 1966 Clean Waters Restoration Act is the same given for other domestic program appropriation lags: the Vietnam War. Under prodding from the budget cutters, the Administration has sent Congress an alternative plan for financing waste treatment plant construction. Under the plan, the Secretary of the Interior could enter into contracts up to 30 years in length with a local or state government to pay the federal share of the costs of treatment plants.

This means larger bond issues would have to be floated and the locality or state would have to pick up the interest on the federal share. Federal payments to the state or local government would be made up to 30 years to cover that U.S. share. The National League of Cities and other groups representing local governments are opposed to the plan. "We think it stinks," said one NLC staffer.

1968 MUNICIPAL WASTE INVENTORY [1]

Size of place 1960 census	Primary treatment			Secondary treatment			No treatment	
	Total plants	Communities identifiable	Population served	Total plants	Communities identifiable	Population served	Communities	Population served
Unknown	112	65	6,284,805	643	302	8,049,603	15	271,725
Under 500	261	239	587,361	1,231	1,117	1,820,942	252	79,640
500–1,000	355	338	249,101	1,422	1,334	1,322,214	333	228,444
1,000–2,500	623	550	980,302	2,160	1,945	3,422,129	491	685,556
2,500–5,000	368	318	1,110,813	1,329	1,103	4,325,341	215	704,898
5,000–10,000	279	239	2,532,269	961	781	5,763,512	143	1,649,878
10,000–25,000	242	211	3,453,900	771	519	8,875,655	82	1,354,855
25,000–50,000	106	83	3,063,100	258	166	6,588,635	25	839,075
50,000–100,000	48	41	3,374,220	158	74	6,192,422	14	1,071,710
100,000–250,000	35	18	3,419,215	97	39	6,604,168	8	1,224,070
250,000–500,000	17	9	3,307,525	76	10	4,200,285	2	858,905
Over 500,000	22	6	15,372,410	77	9	18,620,880	2	2,305,900
Total	2,468	2,117	43,735,021	9,183	7,399	75,785,786	1,582	11,274,656

[1] Includes 1962 rather than 1968 conditions for the States of New York, New Jersey, Pennsylvania, Iowa and Arkansas.
Source: "The Cost of Clean Water and Its Economic Impact," Vol. 1, 1969 (preliminary data). Federal Water Pollution Control Administration.

As Joe G. Moore, Jr., the former commissioner of the Federal Water Pollution Control Administration, expressed it at a conference earlier this year:

"Congress . . . will again this year wrestle with the problem of how to provide additional funds for the construction of waste treatment facilities without appropriating money."

David D. Dominick, Moore's successor, expresses disappointment at the length of time it took to get the alternate financing proposal to Congress. But, he adds, "we must make the best of a tight budget situation because right now we are lagging in the fight for clean water."

Dominick's FWPCA is caught in the middle of the financing dilemma. It pushed hard for an appropriation of $600 million for construction grants in the proposed 1970 budget but the Bureau of the Budget chopped that request to $214 million, the same as that appropriated in 1969.

"It is most important that we make every effort in Washington to keep faith with the states that have already begun construction on their own," Dominick says. "We must keep faith with the municipalities which need additional financial assistance in order to meet the water quality standards to which they have agreed."

FWPCA officials in the field also feel the pinch of congressional promises in the light of funding realities. Richard A. Vanderhoof, director of FWPCA's Ohio Basin Region, notes the "clearly incompatible" nature of water quality standards and the funds available to meet them.

"We're making progress in water pollution control if everyone would stand still," Vanderhoof says. "But we must run faster. The combination of industrial growth and municipal growth almost puts us in a position of status quo, particularly with the level of funds we have available."

Although it is generally agreed that there is a whopping backlog of unmet sewage treatment needs in the U.S. (a 1967 FWPCA estimate put the total at $8 billion to provide secondary treatment for most of the urban population), the 1969 edition of FWPCA's *The Cost of Clean Water and Its Economic Impact* comes up with a much smaller backlog estimate of less than $2 billion.

"Only a fault in basic assumptions or a significant change in circumstances can account for the variation found to exist between various estimates of the cost of water pollution and control," the agency report says.

"It may be argued," the report continues, "that the concept underlying almost every cost estimate that has been made—that is, the idea of a fixed backlog—is no longer a valid assumption in light of the current status of waste treatment as reflected in the 1968 Municipal Waste Inventory.

"Water pollution is a process as well as a condition. It is dynamic in its occurrence; fluctuating in its circumstances. So water pollution control must be flexible in its approaches; and time forms an essential element in estimates of its cost.

"This document [the report], then, views the municipal costs of water pollution control within a context of dynamism. It gropes with the question of determining an *appropriate rate of investment* rather than establishing a final cost of water pollution control. In substituting the dynamic view for the static one, it recognizes the disagreeable fact that pollution control will continue to require expenditures, that pollution cannot be ended by spending any single sum. It loses something in apparent precision. It is felt, however, that the view compensates for any lack of definition by bringing us closer to a manageable statement of real conditions.

"The changed way of looking at things imposes a broader view and forces recognition of problems in relating federal programs to events in such a way that the programs will not be out of date or mis-scaled by the time they are initiated. While all the ramifications of the approach are not understood, analyses now being undertaken can be expected to yield some insights over the coming year. These may be useful in recasting legislation after the expiration of current authorization in fiscal year 1971."

The FWPCA report also points out that new treatment plant investments are fairly close to the estimated need for construction and that rates of investment for interceptors and outfalls are very close to the level of indicated requirement. "But sewer, replacement, and expansion shortcomings seem to be developing," it adds. "Since 1963 the construction of new waste treatment plants has been declining relative to the other major categories of investment that qualify for FWPCA construction grants—replacements, additions, and installation of interceptor sewers."

But the FWPCA notes that the decline in new treatment project should not be a surprise. An "enormous number" of new plants—more than 7,500—have been built between 1952 and 1967 and the great majority of the population with sewers now receives some sort of waste treatment.

Since only four cities over 250,00 population (Honolulu, New Orleans, Memphis, and parts of New York City) remain available for *initial* waste treatment investments, the coming investment in new plants is concentrated in small towns. The FWPCA report says communities under 10,000 population now account for almost half of the dollar value of investment for new waste treatment plants, up from slightly more than a third during the 1952–55 period.

Estimates from the states in their program plans indicate that municipal waste handling investments over the 1969 through 1973 period will amount to about $6 billion, roughly equal to that spent over the past five years, the FWPCA report says. It is very likely that spending for upgrading, expansion, and replacement needs in 1969 will exceed the outlays for new plant investments. "There seem to be great expansion and replacement needs in cities of all sizes," the report notes.

Adding to this trend will be the need for advanced waste treatment to meet the stricter state water quality control standards. Tertiary or advanced waste treatment is a state goal for many Indiana communities by 1977, is contemplated for some Ohio towns, is being phased into the Chicago system, and is planned for part of Long Island. Construction costs zoom upward for advanced treatment facilities.

The need for advanced treatment, the increased emphasis on upgrading operational efficiency, and the need to raise operator wages will increase operating and maintenance costs of municipal waste treatment plants "very sharply in the immediate future," the FWPCA report notes. Already these operating and maintenance costs total $150 million to $200 million a year, a doubling in the last decade.

In summarizing its findings, the FWPCA concludes:

"It would appear, then, that there may be a substantial gap opening between the amount the nation expects to spend—as measured by state program plans and by the level of federal construction grant appropriations—and the amount that will be required to complete the connection of all sewered places to waste treatment plants and to expand, replace, and upgrade treatment where it now exists.

"The fact that the states as a group anticipate programs that will involve a level of spending very close to that of the last six years is a cause for major concern, despite the major accomplishments of the last six years.

"The findings of this report show that investment requirements imposed by new plant construction, expansion, replacement and upgrading of plants, accelerating acceptance of industrial wastes in the municipal plant, increasing levels of waste reduction being required, and the fact that a very significant portion of needed new investment occurs in precisely those places where cost experience in the past has been highest, will all result in pressing capital requirements upward significantly for many years."

INVITATION TO ATTEND WENDELL WILLKIE MEMORIAL BREAKFAST

Mr. SCOTT. Mr. President, I am most pleased to invite all Members of the Senate and House to participate in a memorial breakfast to commemorate the 25th anniversary of the death of the late Wendell Willkie.

Born and raised in Elwood, Ind., Wendell Willkie was a leader, statesman, and the nominee of his party for the Presidency. He exercised in his time, and continues to exercise a profound influence on the destiny of our Nation.

It will be my honor to preside at this breakfast. Senator JOHN SPARKMAN will join me in addressing the gathering, and

Rev. Edward L. R. Elson, Chaplain of the Senate, will deliver a memorial prayer.

The breakfast will be held in room S–207 of the Capitol at 8:30 a.m. on Wednesday, October 8. If you plan to attend, please contact Mrs. Lamar Toole of my staff at extension 6324 at your earliest convenience since there is a limited seating capacity in S–207. Individual invitations to this effect have already been extended to all Members of the Senate and House, but I believe the nature of the occasion makes this formal announcement in the Senate most appropriate.

I look forward to seeing you on Wednesday.

TESTIMONY OF SENATOR GOODELL BEFORE THE COMMITTEE ON FINANCE ON THE TAX REFORM ACT OF 1969

Mr. GOODELL. Mr. President, this morning I testified before the Committee on Finance on the Tax Reform Act of 1969 (H.R. 13270). The swift enactment of legislation to reform our tax structure is a matter of great concern to me.

I discussed with the committee the provisions of a bill which I am introducing today to provide two new selective tax relief measures in lieu of the blanket rate reductions in the House-passed bill: A 25 percent tax credit for medical expenses and a graduated tax credit for higher education expenses.

I also made recommendations to the committee on other provisions in H.R. 13270: The investment tax credit, capital gains tax, tax exemption of municipal bonds, donations of appreciated property, and the tax treatment of foundations.

Mr. President, I ask unanimous consent that the text of my statement to the committee, a summary of my testimony, and the text of my bill be printed in the RECORD.

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

STATEMENT OF SENATOR GOODELL TO THE SENATE FINANCE COMMITTEE ON THE TAX REFORM ACT OF 1969, OCTOBER 3, 1969

Last month, the House of Representatives passed a tax reform measure of comprehensive scope. That fact alone has provoked widespread interest in Congress and throughout the nation. Comprehensive tax reform is so long overdue that we are all grateful for a measure which does, in fact, address itself to correction of many of the inequities in our tax laws—inequities that over the years have transformed the democratic ideal of our graduated system of income taxation into a haven for special privilege.

Like a child who has taken his first few steps, we're a little awed by our own courage but delighted to discover that we do have, after all, the ability to go where we want to go. In our enthusiasm, however, let us not lose sight of where it is we want to go.

REVENUE-PRODUCING REFORMS

The House bill does represent a first step—some see it as a somewhat shaky and uncertain step—toward elimination of special tax privileges which do not serve the national interest. The Treasury estimated that this loop-hole plugging function of the bill will eventually bring in $4 billion per year in additional revenue collections. A feature of the bill designed primarily to fight inflation—repeal of the investment credit—is expected to bring in an additional $3.3 billion per year.

These revenue-producing provisions make possible for the first time in many years a responsible and creative reexamination of the ways in which the taxpayer's burden may be lightened—not just to serve the individual's narrow interest in decreasing his own taxes but to serve the national interest.

BLANKET RATE RELUCTION

I do not think the across-the-board reduction in tax rates included in the House bill are in the national interest.

The tax reform and anti-inflationary provisions in the House bill will in the long-term raise an additional $8.1 billion per year. The blanket rate reductions and other relief measures in the bill would cost $10.5 billion per year. This leaves a net loss of $2.4 billion per year.

This loss—unless it is offset by reductions in Federal spending—will simply add to inflationary pressures. The inflationary effect will be particularly strong because blanket rate reductions *directly* feed consumer spending.

If we really are concerned with fighting inflation—as I think we have to be—we simply cannot afford the fiscal luxury of this sort of wholesale rate reduction.

It is surely apparent that the last general reduction in tax rates which took effect in 1964 and 1965 has contributed materially to our present overheated economy. It may be appropriate in the future to consider another general reduction of the magnitude proposed in the House bill. This is not the time, however. Let us first give our unpleasant fiscal and monetary medicine a chance to bring the present bout of inflation under control before risking renewed infection.

It is, moreover, difficult enough to solve the pressing social problems facing the country in the present stringent budgetary situation. Passing a tax bill in which tax cuts exceed revenue-raising measures will only aggravate the situation.

For these reasons, and for other reasons detailed in the testimony of Secretary Kennedy before the Senate Finance Committee, I prefer the Administration proposals on the low income allowance, on the standard deduction and on the rates for single taxpayers to the analagous provisions of the House bill. I also prefer the Administration's proposal to eliminate the gasoline tax deduction.

I would, however, go further—and oppose the blanket rate reductions contained in the House bill.

SELECTIVE TAX RELIEF

It makes much more sense, in lieu of blanket rate reductions, to adopt a rational choice among our high-priority goals which may most effectively be served by tax relief. Let me suggest two national assets which are fundamental to the quality of American life and which may be served effectively by carefully directed tax-relief innovations: the health of the body and the development of the mind.

I propose the use of income tax credits to lighten the burden of the lower- and middle-income citizens who incur expenses for medical care or for higher education. These tax relief provisions will inevitably extend the scope and improve the quality of modern techniques devoted to health care and higher education.

A recent Harris survey has shown that 33% of American families consider medical and educational costs as the major financial problems they are facing. The tax relief measures I am proposing will help reduce the impact of these costs on family budgets.

These two tax relief proposals—the credit for medical expenses and the credit for higher education expenses—are set forth in a bill which I am introducing today and which I would like to submit to this Committee with my statement. I respectfully suggest the Chairman consider the substance of this bill as an amendment to the Tax Reform Act this Committee is now considering.

CREDIT FOR MEDICAL EXPENSES

I propose a 25% credit against income tax for all reasonable, uninsured medical expenses—including hospitalization, professional fees, medicine, and related insurance premiums. This credit would be subject to a maximum annual limitation of from $500 to $800 (depending on the number of the taxpayer's dependents) and subject to gradual reduction in higher tax brackets.

Under existing law, a deduction is available for that portion of general medical expenses which exceeds 3% of the taxpayer's adjusted gross income. And only that portion of the cost of medicine which exceeds 1% of adjusted gross income may be taken into account for purposes of calculating the deduction.

EFFECT OF STANDARD DEDUCTION

These existing provisions are of limited significance. One reason for this is that no relief is available to the broad category of taxpayers who elect the standard deduction. And more often than not it is these taxpayers who are most in need of relief. The enlargement of the standard deduction proposed in the House bill serves to underline this objection.

Under the provisions I propose, relief would be available by way of direct credit against the tax due, whether or not the taxpayer uses the standard deduction.

NEED FOR RELIEF

In the cases when the existing deduction does become available, another defect is apparent: the amount of tax relief increases with the taxpayer's bracket. A medical expense deduction is worth roughly twice as much to the taxpayer in the 50% bracket as it is to the taxpayer in the 25% bracket.

The tax credit provisions I am proposing would provide direct tax relief (up to the $500 to $800 limit), rather than a percentage relief based on the tax bracket. It thus provides real benefits to low- and middle-income taxpayers.

Furthermore, the credit would be decreased on a percentage scale as the taxpayer's income rises over $25,000. No credit at all would be available for the very wealthy—those taxpayers with incomes over $65,000.

OPTIONAL MEDICAL EXPENSE DEDUCTION

Because the credit is limited to a maximum of $500 to $800, taxpayers with unusually high medical expenses should continue to have the option to utilize the existing medical expense deduction. Accordingly, my proposal will retain this option.

PREVENTIVE MEDICINE

An undesirable feature of the present law is, in my opinion, its reinforcement of the economic barrier to periodic medical check-ups and to early professional consultation when the first symptoms of illness appear. The barrier is reinforced because the initial medical expenses in any year up to the threshold of 3% of adjusted gross income are not deductible. If the taxpayer's annual income is $10,000, that threshold is $300.

It is my hope that the credit I propose for these initial expenses will encourage periodic physical examinations and early professional consultation. The key to good health lies in recognizing and overcoming the incipient threat of disease before it develops. The cost to us of failing to encourage the practice of preventive medicine, in terms both of human and monetary loss, is beyond measure. The tax credit I propose will fulfill this essential function.

LIMITATION TO REASONABLE EXPENSES

There must, of course, be safeguards to assure that the medical expenses incurred

and sought to be credited are reasonable. The Secretary of the Treasury should be given authority to establish and adjust by regulation a schedule of maximum creditable charges for such items as hospitalization expenditures and consultation fees.

CREDIT FOR EXPENSES OF HIGHER EDUCATION

I propose a credit against income tax for a portion of expenses incurred for undergraduate and post-graduate education. The costs of expenses such as tuition, books and supplies would be covered, subject to a maximum annual limitation of $325 per student and a gradual reduction of the available credit in higher tax brackets.

Like the credit for medical expenses, the credit for expenses of higher education would be available whether or not the taxpayer uses the standard deduction. And reduction of the credit in higher brackets would assure that lower- and middle-income taxpayers receive the primary benefits.

SLIDING SCALE

The amount of the credit would be reduced on a sliding scale as the expense increases. This would equalize benefits between low-tuition and high-tuition institutions. Proportionately greater tax relief would be available for payment of low tuitions.

The sliding scale would operate in the following way. Of the first $200 in expenses for any one student, 75% would be creditable; of the next $300, 25% would be creditable; of the next $1,000, 10% would be creditable. Expenses for any one student in excess of $1,500 would be ineligible for credit in any year, and the maximum annual credit would be limited to $325.

PREVIOUS PROPOSALS

A sliding-scale credit for expenses of higher education is not a new idea. I sponsored legislation providing for such a credit while serving in the House of Representatives. In 1967 the Senate approved legislation similar to that which I now propose, but the credit, vigorously opposed by the Johnson Administration, was eliminated in conference.

In two respects, however, my proposal differs from the measure approved by the Senate in 1967.

LIMITATION ON BENEFICIARIES

Under my proposal, relief would be limited to expenses for education of the taxpayer himself, of his spouse or of his dependents. The 1967 measure would have provided multiple credits for the education of anyone whose expenses the taxpayer chose to pay.

THE STUDENT PAYING HIS OWN WAY

One shortcoming of the 1967 measure was the likelihood that little or no assistance would become available to the student working his way through college. For at the time his expenses were incurred, his income would normally be so low that little or no tax would be payable against which his credit may be taken. This likelihood would be increased by provisions of the present House bill which enlarge the standard deduction and low-income allowances.

I propose, therefore, that to the extent any credit for the taxpayer's own educational expenses may not currently be used due to low tax liability, it be carried forward for use in any of the next ten years. This is appropriate since the training and skills acquired in the educational process contribute materially to the production of income in later years, and I believe this to be true not just of specialized vocational training but of general curricula at both undergraduate and graduate levels.

IMPROVING AND BROADENING EDUCATIONAL OPPORTUNITIES

The general arguments for and against a tax credit for educational expenses are well known and have been developed at length in recent years.

What most impresses me is the impetus such a measure will inevitably give to (1) improving our educational system at both public and private institutions and (2) broadening the opportunities available to the public for higher educational training.

The legislation I propose will encourage the widest possible attendance at colleges and universities and help spread the benefits of higher educational training throughout our population.

In some ways, carefully directed use of tax relief is the most effective form of government assistance to higher education. It does not require the creation of cumbersome and costly bureaucratic machinery. And it avoids controversy over government determinations as to the institutional beneficiaries of federal support.

There can be no charge that, by government fiat, church-sponsored institutions are being favored, that secular institutions are being favored, that public institutions are being favored, or that private institutions are being favored. Institutions will benefit from the indirect support of the proposed tax credit solely to the extent they attract students. And the attraction for students will increase as educational opportunities improve.

FISCAL EFFECT OF TAX CREDIT PROPOSALS

The Treasury estimates that the annual cost of the credit for medical expenses I have proposed would be about $3 billion; and that the annual cost of the credit for educational expenses would be less than $2 billion. I would propose that both credits become effective for the 1972 fiscal year.

The total annual cost of both tax relief measures would be approximately equal to the annual increase in revenue expected to result by 1979 from the reform and anti-inflationary provisions of the House bill (other than the reform provisions which I oppose for reasons set forth elsewhere in this statement).

The enactment of these two tax credits would not have the same inflationary effects as the across-the-board cuts in the House bill. This is because their inclusion in the House bill—in lieu of the across-the-board reductions—would create a situation where the revenue-reducing measures in the bill would not exceed the revenue-producing measures in it by a large amount. In addition, these tax-credits would not directly feed consumer spending to the same extent as blanket rate cuts.

THE INVESTMENT TAX CREDIT

I have serious reservations about the advisability of repealing the investment tax credit.

Vigorous fiscal measures are clearly needed to combat the inflation that now threatens our economy. We must accept the fact that these measures, to be effective, cannot be painless.

We must be equally aware, however, of the risks of putting all the fiscal and monetary brakes on at once. The anti-inflationary measures we are invoking now may take a substantial period of time before they are fully felt—and then may "grab" all at once.

This problem of a long "lead" time is particularly serious in the case of the investment tax credit. The credit does not primarily affect consumer spending now; it affects capital expenditures 6 months to 2 years from now. Removing the credit now may "take hold" at a future time when we are no longer so much concerned with inflation as with recession.

The experience of a few years ago—when Congress repealed the credit only to restore it—suggests the inadvisability of trying to turn the credit on and off to offset swings in the economy. Congress repealed the credit to halt the inflation—only to find that this action took effect in the economy when inflation was no longer the problem, and then hurried to restore it. I opposed repeal at that time.

I think it is essential to have a permanent tax incentive for long-run economic growth. The investment tax credit serves this function.

I am aware, however, that repeal of the credit has broad support in both Houses of Congress and the Administration, and thus is almost certain to pass. Accordingly, in the calculations upon which my other proposals are based, I assume the credit would be repealed.

TAXATION OF CAPITAL GAINS

The Tax Reform Act proposes sweeping changes in the treatment of capital gains—including an increase in the rates and extension of the holding period necessary to qualify for long-term gains status.

In my opinion, inadequate study has been given to these changes.

These are some of the hard questions which will have to be fully explored in deciding whether to alter the existing system of capital gains taxation:

How will elimination of the 25% alternative tax on gains and application of a "minimum tax" to gains affect the availability of high-risk capital to finance new ideas, new technology, new businesses, new industries?

How will the expansion of the holding period to one year affect the essential liquidity of our securities markets?

How will the opportunity of lower- and middle-income families to build private capital for their future be affected?

The special treatment now accorded to capital gains is not just a loophole. It is a way of stimulating investment. Any change in this treatment must be considered, therefore, not in the loophole-plugging spirit merited by special privilege provisions of the tax code, but in the spirit of inquiry into all factors affecting capital formation and economic growth in this nation.

It may well be that changes of the present rules are desirable. But the effect of those changes on the economy, on markets, and on individuals must first be thoroughly understood. The haste with which action was taken on these changes in the House of Representatives did not permit adequate investigation of the consequences.

TAX TREATMENT OF INTEREST ON MUNICIPAL BONDS

I feel this is not the time to promote radical changes in the form of support extended by the Federal government for the financing undertaken by state and local governments.

This support now takes the form of a Federal tax exemption for municipal bonds.

The Tax Reform Act now before this Committee would partially nullify this exemption by subjecting interest from tax exempt municipal bonds to a "minimum tax" and to a rule of allocation of deductions.

I do not think these measures are well advised. The limited revenues these changes would bring to the Treasury would be more than offset by increased costs and difficulties which states and municipalities would encounter in marketing their bonds.

Our Federal system of government now faces a crisis of fiscal imbalance. The revenue-raising capacity of the Federal government is simply not matched by that of state and local governments.

President Nixon has been the first President to recognize fully the gravity of their crisis and to propose a bold "New Federalism" to help rectify it. Among the President's proposed reforms is one I have long supported—Federal revenue sharing with state and local governments. With this important initiative, the President for the first time has created a realistic hope that revenue sharing will become a reality in the near future.

If revitalizing our Federal system is, indeed, our aim, we certainly cannot afford to take any action that hinders states and localities in marketing their obligations to finance their capital requirements.

TAXATION OF FOUNDATIONS

One of the most significant aspects of the House bill is its proposed changes in the tax treatment of private foundations.

Private philanthropic institutions have made incalculable contributions to the development of this nation. These contributions resulted from foundation innovation, creativity and support for new ideas. The possibility for innovation must be protected and nurtured if we are to continue to reap benefits in the future. Therefore, any far-reaching changes made in the tax treatment of foundations must be considered with great care.

No one can argue that there have not been abuses by foundations in the past which require correction. Self-dealing between a foundation and its donors must be prohibited. The misuse of tax exemption for private influence or gain should be curtailed. Greater public disclosure of foundation activities is in the public interest.

Nonetheless, curtailing existing abuses should not be a vehicle for a punitive attack upon the very essence of private philanthropic activities in this country. It is for this reason that I recommend that the Committee consider the following changes in the bill as it passed the House.

THE 7½ PERCENT TAX ON PRIVATE FOUNDATION INCOME

I am strongly opposed to the imposition of the proposed tax on foundation income.

In my judgment, this tax is an unwarranted departure from the principle that non-profit organizations organized for charitable purposes should be free from taxation.

It is discriminatory in that it would only be levied against foundations and not against other nonprofit charities such as schools, universities, churches, and hospitals.

It would hit not the donors or officers of foundations, but the whole range of educational, scientific, medical, cultural and social activities they finance. Any tax on foundations means an automatic corresponding loss of funds for these activities. To the extent that foundations aid the public, the public is hurt by a tax on their investment income.

Foundations have a commendable record of success in developing institutions overseas. Many foundations which operate in foreign countries receive the benefits of tax free status in those countries because of their exemption in the United States. Should a tax of any kind be imposed, this could result in a loss of their foreign exemption as well.

Finally, the tax creates a dangerous precedent. If it is appropriate to tax foundation income now at the rate of 7½ percent, then why not at 10 percent, or 25 percent next year or the year after? If the Federal government can tax foundations, why should State and local governments not do so? Should a tax be imposed, the road ahead is only too clear: government will take a larger and larger bite from foundation income, and a smaller and smaller portion will be left over to fulfill charitable and social purposes.

In my opinion, there are no advantages to be derived from imposing this 7½ percent tax. It would not be a revenue raising device of any significance, as it will bring in only about $65 million in the first year and $100 million by the tenth year. It would not aid in reforming known abuses, for these are dealt with in other sections of the bill.

In my opinion, the only rationale for collecting any revenue from foundations should be to encourage more effective supervision of their activities. For this reason, I would strongly recommend that the Committee substitute the requirement of an annual *filing fee* in place of the 7½ percent tax. This fee should be collected only to cover the costs of an increased program of supervision and audit by the Internal Revenue Service. This could be accomplished by charging each foundation either an amount proportional to its assets or a specified percentage—with an upper limit clearly set—of its income.

FOUNDATION PROGRAM ACTIVITIES

The bill would bar foundations from attempting to influence legislation through (1) attempting to affect the opinion of the general public or any segment thereof or (2) privately communicating with any member or employee of a legislative body or with any person who may participate in the formulation of legislation other than through making available the results of non-partisan analysis and research.

Foundations are engaged in studies or projects on almost every topic of public concern, be it drug abuse, air pollution, or international satellite communications. We as legislators have benefitted from this expertise. The public interest has been served by these activities. Does it make any sense to prohibit foundations from taking a public stand on vital issues or from discussing them with legislators? Does it make any sense to limit their treatment of such issues to a vaguely defined term, "nonpartisan research," and to prohibit them from making definitive recommendations or taking definitive action?

Surely, this is self-defeating.

Existing law prohibits foundations from *substantially* carrying on propaganda or otherwise attempting to influence legislation or supporting political parties and individual candidates. It is generally agreed that more effective enforcement procedures would substantially reduce violations of the existing statutory standard. Allowing the existing law to remain as it now is, with increased enforcement and supervision, should be adequate protection both for the public and the foundations themselves.

EXCESSIVE SANCTIONS

The bill now imposes heavy tax liabilities on foundations and foundation managers for violations of the programmatic and financial provisions of the bill. In my view, these penalties are excessive and should be scaled down.

I submit to the Committee that the present sanctions far exceed the reasonable limits of enforcing these violations. With this club hanging over the head of foundations and their officers, the result will no doubt be to inhibit their support for innovative and creative projects.

Consider, for example, the penalties for violating the provision regarding an attempt to influence legislation discussed above. The foundation would be taxed at the rate of 100% of the amount of the program expenditure paid for the improper purpose. In addition, foundation officials who knowingly made this expenditure would be taxed at the rate of 50% of the amount spent.

Many medium-sized foundations make grants of $50,000 and more—and the large foundations often make multi-million dollar grants. The imposition upon a foundation officer of a fine of 50% of these large amounts could ruin him financially. I submit to the Committee that this is neither rational nor justified. I fear that this will be an effective bar to people seeking jobs in foundations.

Any penalties for violations of the bill must be reasonable. Moreover, there should be a period in which violations can be corrected before the penalty is imposed.

THE DEFINITION OF FOUNDATIONS AND RESTRICTIONS ON GRANTS APPROVED AS "QUALIFYING DISTRIBUTIONS"

The bill creates a broad definition of private foundations which describes them from a totally new vantage point. The public has traditionally viewed foundations as private, nonprofit organizations with a principal fund of their own, established primarily to make grants in support of charitable, educational, scientific and civic purposes serving the public welfare.

The provisions of the bill would expand this traditional definition to such an extent that a wide range of other institutions would now be classified as "private foundations."

Some of these institutions are primarily engaged in research or conduct studies on educational, medical, scientific and social issues. They have never been considerd foundations in the past. Others are public service organizations working with the community on health, welfare and other programs. Many of them are heavily dependent upon foundation grants for their very existence. Newly classified as foundations under the bill, they would be subject to the supervisory tax or filing fee—thereby having less money available to conduct their activities. They would also be subject to the House bill's program limitations upon foundations.

In addition, the bill requires that foundations annually allocate at least 5% of their investment assets in order to insure prompt charitable distribution of annual foundation income. Grants from one foundation to another foundation would not qualify as approved distributions under this provision, except in the case of those organizations classified as "private operating foundations."

It is reasonable to expect that because of this provision foundations would make grants with an eye toward meeting their qualifying distribution requirements. This could have an extremely damaging effect upon a large number of institutions—those not classifiable as "operating" foundations—which currently depend upon foundation grants for their very existence. Overseas organizations established under U.S. foundation grants would also be so affected.

I would recommend to the Committee that it redraft the present definition of a foundation now in the bill to reflect the traditional public view of foundations as funded nonprofit, private, grant-making organizations.

FOUNDATION RESPONSIBILITY FOR THE EXPENDITURES OF GRANTEES

I would agree that foundations should exercise responsibility for the grants which they make. However, this standard of responsibility should be one of reasonable care and diligence. It should not be absolute liability.

The bill—unrealistically, in my view—imposes a standard of absolute liability. Foundations are required to exercise "full" expenditure responsibility over the grants they make to all beneficiaries except for grants to publicly supported or other "30 percent" charities. Foundations would have to make absolutely sure that the funds are spent for the purposes for which the grant was made.

In order to comply with this requirement, foundations would probably have to increase greatly their auditing and monitoring staff. It can be argued that an unintended result of the bill would be domination by the parent foundation over the program of its grantee. This is neither necessary nor desirable.

The requirement could have other effects. Foundations might tend to limit their grants to those charities exempted from it. New organizations, in the process of building a program, might suffer from lack of support. Once again, we would be discouraging innovation and pioneering.

Therefore, I would recommend that the Committee replace the standard of "full" responsibility with a standard of "reasonable care and diligence".

GRANTS TO INDIVIDUALS

Under the provisions of the bill, grants by foundations directly to individuals must be made according to "objective" standards. The Ways and Means Committee report states that the grants must be "directed toward the production of a tangible product (a book, paper, or other study, or a scientific development or useful process), the achievement of a specific objective, or the improvement or enhancement of a literary, artistic musical, scientific, or other similar capacity talent, or skill."

These requirements would have the undesirable effect of barring the continuation of certain respected grant programs which are conducted simply to recognize excellence in a profession. There is also an implication here that the federal government would in some way have to approve the standards by which foundations make grants. The dangers of this need no further discussion.

I personally feel that we have already suffered too much from the effects of the "publish or perish" syndrome affecting the academic community. Why encourage this further?

DONATIONS OF APPRECIATED PROPERTY

I do not favor the proposals in the House bill concerning the tax treatment of gifts of appreciated property for charitable purposes. Colleges, universities, hospitals, and churches now receive gifts of appreciated property in heavy volume, and depend upon such gifts for nearly one-half of their philanthropic support. The House bill imposes new limits upon the degree to which such gifts can be deducted from taxable income, and exempted from a capital gains tax. The quantitative impact of these provisions is very damaging.

As James Reston pointed out in an article in the New York Times on August 31, 1969, "In the opinion of university administrators and fund-raisers, it is precisely this tax incentive of deducting the full market value of appreciated securities that is responsible for the immense flow of private giving in recent years. For example, in the years 1965–68, the market value of securities donated by individuals to Yale University amounted to $33,007,690 or 65 per cent of the total gifts from individuals during this period. In 1968–69, Harvard received $15,900,000 or 68 percent, and M.I.T. in 1968–69, $2,170,000 or 70 percent. Columbia University, which is now in the midst of a major fund-raising drive to deal with its serious financial problems, received $2,658,000 in security donations in 1966, $3,178,000 in 1967, and $6,038,000 in 1968, and it is still in deep trouble."

Of great concern to me is the provision in the bill which would prohibit the deduction of the value of works of art unless the appreciation is included in ordinary income. Assistant Secretary of the Treasury for Tax Policy Edwin Cohen pointed out that, "Our finest museums and art galleries are dependent on such gifts, and their contribution to the good of our society is universally acknowledged. We see no sufficient reason to distinguish such gifts from gifts of appreciated securities to other charities."

REALIZING THE FULL POTENTIAL OF TAX REFORM

In most other respects, the reform features of the House bill deserve support, even those which fall short of expectations. Taken together, these reforms represent a creditable first step toward elimination of inequity in the tax system.

Even more important, these reforms now permit *selective* tax relief innovations which will serve fundamental national interests, such as the two I have singled out: the preservation of health and the development of intellect.

Lower taxes for all may appeal to the voter today. The higher prices which result tomorrow will not.

Higher standards of national health and education could constitute a lasting heritage which this Congress now has power to dedicate to future generations.

Another opportunity may not come, if history is a guide, for another decade. Let us, therefore, make the most of today's reforms so that our children can make the most of theirs. They will need all the health and education we can give them to solve the other problems we will leave them.

SUMMARY OF STATEMENT BY SENATOR CHARLES E. GOODDELL

BLANKET RATE REDUCTION

Opposes the blanket tax rate reductions because of their inflationary effects. Supports the Administration proposals on low-income allowance, on the standard deduction and on rates for single taxpayers.

Proposes selective tax relief in lieu of blanket rates reductions.

CREDIT FOR MEDICAL EXPENSES

Proposes a 25% credit for medical expenses. This credit would be subject to a maximum annual limitation of $500 to $800 (depending on the number of the taxpayer's dependents) and subject to gradual reduction in the higher brackets. Taxpayers would be permitted the option of taking the existing medical deduction in lieu of the credit. The credit would take effect in 1972.

The existing medical deduction is of limited significance to low- and middle-income taxpayers because (1) it is not available for taxpayers who elect the standard deduction, (2) it is not available for taxpayers whose medical expenses are below 3% of their adjusted gross income, and (3) the value of the deduction goes down as the taxpayer's income goes down. The proposed credit has none of these defects, would provide real benefits to low-income taxpayers, and would encourage taxpayers to undertake the preventive medicine of regular medical check-ups and early professional consultation.

The estimated cost of the credit is $3 billion per year.

CREDIT FOR EXPENSES OF HIGHER EDUCATION

Proposes a credit for a portion of expenses incurred for undergraduate and post-graduate education. The costs of expenses such as tuition, books and supplies would be covered, subject to a maximum annual limitation of $325 per student and a gradual reduction of the available credit in higher tax brackets. For students working their way through college, the credit could be carried forward over a 10-year period. The credit would take effect in 1972.

The credit will constitute a major impetus to (1) improving our educational system at both public and private institutions and (2) broadening the opportunities available to the public for higher educational training.

The estimated cost of the credit is $2 billion per year.

INVESTMENT TAX CREDIT

Questions the wisdom of repealing the 7% investment tax credit.

CAPITAL GAINS TAX

Opposes the changes in the treatment of capital gains proposed in the House bill, because insufficient study has been given to the effect of these changes upon investment and long-term national growth.

MUNICIPAL BONDS

Opposes the changes in the tax exemption for municipal bonds proposed in the House bill, because they would interfere with the ability of states and municipalities to finance capital construction.

TAXATION OF FOUNDATIONS

Opposes 7½% tax on foundation income because it is an unwarranted departure from established principles; is discriminatory; would adversely affect the educational, scientific, medical, cultural and social activities of foundations; and would create a dangerous precedent. Sees no advantages in this tax either as a revenue raising device or as a measure to reform abuses.

Recommends substituting an annual filing fee to cover the costs of increased auditing and supervision by the IRS. This fee should be charged either as an amount proportional to the assets of each foundation or a specified percentage—with an upper limit clearly set—of income.

FOUNDATION PROGRAM ACTIVITIES

Regards provision in bill prohibiting foundations from formulating positions of issues as too sweeping, ambiguous, and self-defeating.

Recommends this provision be dropped.

Maintains that more effective enforcement of existing law—which prohibits foundations from substantially carrying on lobbying activities—should be adequate protection for the public and the foundations.

EXCESSIVE SANCTIONS

Opposes House bill's tax penalties on foundations and foundation managers. Considers these proposals excessive and a threat to support for innovative programs. Recommends proposed penalties be scaled down to reasonable levels, and recommends a period for correction of violations before penalty is imposed.

DEFINITIONS OF FOUNDATIONS AND RESTRICTIONS ON GRANTS MADE ELIGIBLE AS "QUALIFYING DISTRIBUTIONS"

Opposes new definition of private foundation as excessively broad. Notes that the House bill's definition, combined with the qualifying distributions requirement, will bar many organizations from receiving essential foundation support. Recommends that definition be redrafted to reflect the public's traditional view of foundations as funded non-profit, private, grant-making organizations.

FOUNDATIONS' RESPONSIBILITY FOR THE EXPENDITURES OF GRANTEES

Recommends that foundations be required to exercise "reasonable" responsibility over the use of their grants by recipients.

GRANTS TO INDIVIDUALS

Maintains that requirement for a concrete result from grants to individuals implies government approval and encourages undesirable "publish or perish" syndrome.

DONATIONS OF APPRECIATED PROPERTY

Opposes limits upon deduction of gifts of appreciated property to colleges, universities, hospitals, churches, schools, and museums.

S. 2992

A bill to amend the Internal Revenue Code of 1954

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 "Tax Relief Act of 1969."

SEC. 2. Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 40 as 42, and by inserting after section 39 the following new sections 40 and 41:

"MEDICAL EXPENSES

"SEC. 40. (a) GENERAL RULE.—There shall be allowed to an individual, as a credit against the tax imposed by this chapter for the taxable year, 25 percent of the amount of expenses paid by him during such taxable year for medical care of the taxpayer, his spouse and dependents (as defined in section 152) and not compensated for by insurance or otherwise.

"(b) LIMITATIONS—

"(1) DOLLAR LIMIT.—The credit under subsection (a) shall not exceed $500 for any taxable year. Such $500 limit shall, however, be increased (to an amount not above $800)

by $100 for each dependent of the taxpayer other than his spouse during such year.

"(2) SCHEDULE OF MAXIMUM CREDITABLE CHARGES: REGULATIONS.—The Secretary or his delegate shall prescribe regulations setting forth a schedule of maximum charges eligible for credit under subsection (a) in such defined categories of expenses for medical care as may be necessary to assure credit only of reasonable expenses pursuant to this section. The secretary or his delegate shall also prescribe such additional regulations as may be necessary to carry out the provisions of this section.

"(3) REDUCTION OF CREDIT.—The credit under subsection (a) as limited by paragraphs (1) and (2) of this subsection shall be reduced by an amount equal to 1 percent of the amount by which the adjusted gross income of the taxpayer for the taxable year exceeds $25,000.

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

"(1) The term "expenses" for "medical care" means amounts paid—

"(A) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body,

"(B) for transportation primarily for and essential to medical care referred to in subparagraph (A), or

"(C) for insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care referred to in subparagraphs (A) and (B).

"(2) In the case of an insurance contract under which amounts are payable for other than medical care referred to in subparagraphs (A) and (B) of paragraph (1)—

"(A) no amount shall be treated as paid for insurance to which paragraph (1)(C) applies unless the charge for such insurance is either separately stated in the contract, or furnished to the policyholder by the insurance company in a separate statement,

"(B) the amount taken into account as the amount paid for such insurance shall not exceed such charge, and

"(C) no amount shall be treated as paid for such insurance if the amount specified in the contract (or furnished to the policyholder by the insurance company in a separate statement) as the charge for such insurance is unreasonably large in relation to the total charges under the contract.

"(3) Subject to the limitations of paragraph (2), premiums paid during the taxable year by a taxpayer before he attains the age of 65 for insurance covering medical care (within the meaning of subparagraphs (A) and (B) of paragraph (1)) for the taxpayer, his spouse, or a dependent after the taxpayer attains the age of 65 shall be treated as expenses paid during the taxable year for insurance which constitutes medical care if premiums for such insurance are payable (on a level payment basis) under the contract for a period of 10 years or more or until the year in which the taxpayer attains the age of 65 (but in no case for a period of less than 5 years).

"(4) The determination of whether an individual is married at any time during the taxable year shall be made in accordance with the provisions of section 6013(d) (relating to determination of status as husband and wife).

"(d) SPECIAL RULES—

"(1) TREATMENT OF EXPENSES PAID AFTER DEATH.—For purposes of subsection (a), expenses for the medical care of the taxpayer which are paid out of his estate during the 1-year period beginning with the day after the date of his death shall be treated as paid by the taxpayer at the time incurred. The preceding sentence shall not apply if the amount paid is allowable under section 2053 as a deduction in computing the taxable estate of the decedent, but this paragraph shall not apply if (within the time and in the manner and form prescribed by the Secretary or his delegate) there is filed—

"(A) a statement that such amount has not been allowed as a deduction under section 2053, and

"(B) a waiver of the right to have such amount allowed at any time as a deduction under section 2053.

"(2) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) to the taxpayer shall not exceed the amount of the tax imposed on the taxpayer for the taxable year by this chapter, reduced by the sum of the credits allowable under this subpart (other than under this section and sections 37, 39 and 41).

"(e) DISALLOWANCE OF EXPENSES AS DEDUCTION.—No deduction shall be allowed under section 213 (relating to medical, dental, etc., expenses) or section 214 (relating to expenses for care of certain dependents) for any expense of medical care which (after the application of subsection (b)) is taken into account in determining the amount of any credit allowed under subsection (a). The preceding sentence shall not apply to expenses of medical care paid by any taxpayer who, under regulations prescribed by the Secretary or his delegate, elects not to apply the provisions of this section with respect to such expenses for the taxable year.

"EXPENSES OF HIGHER EDUCATION

"SEC. 41. (a) GENERAL RULE.—There shall be allowed to an individual, as a credit against the tax imposed by this chapter for the taxable year, an amount, determined under subsection (b), of the expenses of higher education paid by him during the taxable year to one or more institutions of higher education in providing an education above the twelfth grade for any family member.

"(b) LIMITATIONS—

"(1) AMOUNT PER FAMILY MEMBER.—The credit under subsection (a) for expenses of higher education of any family member paid during the taxable year shall be an amount equal to the sum of—

"(A) 75 percent of so much of such expenses as does not exceed $200,

"(B) 25 percent of so much of such expenses as exceeds $200 but does not exceed $500, and

"(C) 10 percent of so much of such expenses as exceeds $500 but does not exceed $1,500.

"(2) REDUCTION OF CREDIT.—The credit under subsection (a) for expenses of higher education of any family member paid during the taxable year as determined under paragraph (1) of this subsection shall be reduced by an amount equal to 1 percent of the amount by which the adjusted gross income of the taxpayer for the taxable year exceeds $25,000.

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

"(1) EXPENSES OF HIGHER EDUCATION.—The term 'expenses of higher education' means—

"(A) tuition and fees required for the enrollment or attendance of a student at a level above the twelfth grade at an institution of higher education, and

"(B) fees, books, supplies, and equipment required for courses of instruction above the twelfth grade at an institution of higher education.

Such term does not include any amount paid, directly or indirectly, for meals, lodging, or similar personal, living, or family expenses. In the event an amount paid for tuition or fees includes an amount for meals, lodging, or similar expenses which is not separately stated, the portion of such amount which is attributable to meals, lodging, or similar expenses shall be determined under regulations prescribed by the Secretary or his delegate.

"(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means—

"(A) an educational institution (as defined in section 151(e)(4))—

"(i) which regularly offers education at a level above the twelfth grade; and

"(ii) contributions to or for the use of which constitute charitable contributions within the meaning of section 170 (c); or

"(B) a business or trade school, or technical institution or other technical or vocational school in any State, which (i) is legally authorized to provide, and provides within that State, a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations; and (ii) is accredited by a nationally recognized accrediting agency or association listed by the United States Commissioner of Education; and (iii) has been in existence for two years or has been specially accredited by the Commissioner as an institution meeting the other requirements of this subparagraph.

"(3) STATE.—The term 'State' includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

"(4) FAMILY MEMBER.—The term 'family member' means the taxpayer, his spouse or any of his dependents (as defined in section 152).

"(d) SPECIAL RULES—

"(1) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS AND VETERANS' BENEFITS.—The amounts otherwise taken into account under subsection (a) as expenses of higher education of any individual during any period shall be reduced (before the application of subsection (b)) by any amounts received by such individual during such period as—

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

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

"(2) NONCREDIT AND RECREATIONAL, ETC., COURSES.—Amounts paid for expenses of higher education of any individual shall be taken into account under subsection (a)—

"(A) in the case of an individual who is a candidate for a baccalaureate or higher degree, only to the extent such expenses are attributable to courses of instruction for which credit is allowed toward a baccalaureate or higher degree, and

"(B) in the case of an individual who is not a candidate for a baccalaureate or higher degree, only to the extent such expenses are attributable to courses of instruction necessary to fulfill requirements for the attainment of a predetermined and identified education, professional, or vocational objective.

"(3) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) to the taxpayer shall not exceed the amount of the tax imposed on the taxpayer for the taxable year by this chapter reduced by the sum of the credits allowable under this subpart (other than under this section and sections 37 and 39).

"(e) DISALLOWANCE OF EXPENSES AS DEDUCTION.—No deduction shall be allowed under section 162 (relating to trade or business expenses) for any expense of higher education which (after the application of subsection (b)) is taken into account in determining the amount of any credit allowed under subsection (a). The preceding sentence shall not apply to the expenses of higher education of any taxpayer who, under regulations prescribed by the Secretary or his delegate, elects not to apply the provisions of this section with respect to such expenses for the taxable year.

"(f) CARRYOVER OF EXCESS CREDIT—Any amount by which the credit otherwise allowable under this section for the expenses of higher education of the taxpayer paid during the taxable year exceeds the tax which would be imposed on the taxpayer for such taxable year by this chapter in the absence of this section reduced by the amount of credit allowed for expenses of higher education of any other family member paid during such taxable year shall be allowed as a credit for expenses of higher education of the taxpayer deemed to be paid during the first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, or tenth succeeding taxable years, in that order and to the extent such expenses were not deemed paid in a prior taxable year, in the amount by which the tax which would be imposed on the taxpayer for such succeeding taxable year by this chapter in the absence of this section reduced by the amount of credit allowed for expenses of higher education of any other family member paid during such succeeding taxable year exceeds the amount of credit allowable under this section for the expenses of higher education of the taxpayer paid during such succeeding taxable year plus the amount of credit allowable under this section for such expenses paid during any taxable year earlier than the current taxable year but deemed to have been paid during such succeeding taxable year, subject, however, to all limitations imposed by this section on the amount of credit allowable for such succeeding taxable year.

"(g) REGULATIONS—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section."

SEC. 3. The table of sections for subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 40. Medical Expenses.
"Sec. 41. Expenses of Higher Education.
"Sec. 42. Overpayments of Tax."

SEC. 4. The amendments made by section 2 and 3 of this Act shall apply to taxable years beginning after December 31, 1971.

PRESIDENT NIXON STEADFASTLY SUPPORTS HAYNSWORTH NOMINATION

Mr. HRUSKA. Mr. President, at the request of the minority leader, with whom I have discussed the matter, I wish to have inserted in the CONGRESSIONAL RECORD a letter which he, Chairman EASTLAND of the Judiciary Committee, and I have received from President Nixon this afternoon.

The letter deals with the President's nomination of Judge Haynsworth to be an Associate Justice of the Supreme Court and it states flatly and unequivocally the President's steadfast support of the nomination.

In view of the false and completely unfounded rumors concerning Mr. Nixon's position in this matter, I ask unanimous consent that the letter be printed in the RECORD.

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

THE WHITE HOUSE,
Washington, October 2, 1969.

HON. HUGH SCOTT,
Minority Leader,
U.S. Senate,
Washington, D.C.

DEAR HUGH: I have noted speculations as to my intentions respecting the nomination of Judge Haynsworth to the Supreme Court.

In order that there be no misunderstanding on the part of anyone, I send this letter to confirm that I steadfastly support this nomination and earnestly hope and trust that the Senate Judiciary Committee and the Senate will proceed with dispatch to approve the nomination.

I am conversant with the various allegations that have attended this nomination. I have most carefully examined the record. There is nothing whatsoever that impeaches the integrity of Judge Haynsworth. There is no question as to his competence as a Judge. There is no proper faulting of his posture vis-a-vis Civil Rights or Labor.

It would be very wrong to allow unfounded allegations to deny this country of the distinguished service of Judge Haynsworth on the Supreme Court. I intend to do all that I can to secure his confirmation.

I hope you will make the contents of this letter known to your colleagues. I have sent a copy to Chairman Eastland and to Senator Hruska, ranking Republican member of the Committee, where this nomination is presently lodged.

Sincerely,

RICHARD M. NIXON.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees be permitted to meet during the session of the Senate today.

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

ORDER FOR ADJOURNMENT UNTIL MONDAY, OCTOBER 6, 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in adjournment until 12 o'clock noon on Monday next.

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

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the time not to be taken from either side.

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

The clerk will call the roll.

The bill clerk proceeded to call the roll.

CIVIL SERVICE RETIREMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2754) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with the time not to be taken from either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Is the Senate now operating on limited time?

The PRESIDING OFFICER. The Senator from Montana is correct. The Senate is operating on limited time of 30 minutes, with 15 minutes to a side.

Mr. HOLLAND. The pending business is S. 2754 and the pending question is the point of order on section 207 of the bill, the point of order having been raised by the Senator from Delaware (Mr. WILLIAMS) in which he stated that the matter is a revenue measure and should therefore originate in the House.

Mr. McGEE. May the Senator from Wyoming state that it was his understanding, when that ruling was requested last evening, the Presiding Officer ruled, on advice of the Parliamentarian, that there would be no ruling on that matter, that it was a constitutional question, not a jurisdictional question.

The PRESIDING OFFICER. The Chair ruled, when the point of order was raised, that it was a constitutional question and the Chair would refer it to the Senate. That is the matter now before the Senate.

Mr. McGEE. That is the pending matter, not the jurisdictional question whether the bill belongs in committee, but——

The PRESIDING OFFICER. The point of order is the question. The Chair has no authority to rule on a constitutional question.

Mr. McGEE. So the decision now is on the constitutional issue of whether this is a tax measure not originating in the House. Is that the thrust of the constitutional question?

The PRESIDING OFFICER. The Senator is exactly correct.

Mr. McGEE. I thank the Presiding Officer.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLAND. Mr. President, will the Senator yield to me for 1 minute in order to address a parliamentary inquiry to the Chair?

Mr. McGEE. I yield.

The PRESIDING OFFICER. The Senator from Florida will state the inquiry.

Mr. HOLLAND. It is my understanding that this is a point of order based on the constitutional question, and as such has to be submitted to the Senate as a whole for a ruling.

The PRESIDING OFFICER. The Senator is correct.

Mr. HOLLAND. It is a point of order based on the constitutional question.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. HOLLAND. I thank the Presiding Officer.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 3 minutes.

Mr. WILLIAMS of Delaware. Mr. President, when the Senate adjourned last night, the question before us was whether S. 2754 was subject to a point of order on the ground that it included a tax amendment originating in the Senate.

In my judgment there is no question about it. The bill excludes the first $3,000 of civil service pension from Federal income tax calculation for every individual retired under the civil service program. They would pay a lower tax because of the committee amendment and the Federal revenues would be reduced because of it. To my way of thinking that is a revenue measure pure and simple.

The existing tax law contains provisions designed to relieve the tax burden on retired persons. The principal provision is the retirement income credit. It applies to everyone living on retirement income whether it consists of a civil service pension, a teacher's, policemen's, or firemen's pension, or a pension received under a private pension plan. It treats all retirees alike. It gives them the equivalent of tax exemption on $1,524 of retirement income if they are single, and $2,276 if they are married and the spouse is also age 65. These figures are equivalent to the maximum social security benefit which was payable in 1964. It was calculated roughly to equate the tax treatment of those living on taxable retirement benefits with the tax treatment of those receiving tax-free social security payments.

Under present law a married couple living off a civil service pension could receive $6,047 per year—more than $500 per month—and be absolutely tax free under the retirement income credit. That is present law. If they have dividend income of $200 they could be wholly tax exempt on $6,247. The House bill, now pending before the Senate Finance Committee, would make the existing law even more attractive to them. Under it a married couple over age 65 would be tax exempt on retirement income of $6,732.50 plus another $200 of dividend income, if they have it, for tax exemption for a gross amount of $6,932.50.

S. 2754, under section 207, would create a third instance of special tax treatment for a single group of retired persons. It would complicate the law and create new discriminations. It added another $3,000 tax exemption, Mr. President, to bring it up close to the $10,000 exemption for one group of retired people only, not all employees, but only those fortunate enough to have been employees of the U.S. Government.

The Senate Finance Committee is now engaged in consideration of the Tax Reform Act of 1962. Yesterday we took testimony from representatives of the Retired Civil Employees. Among the suggestions we received was one to increase the amount of income eligible for the retirement income credit. This thought was expressed by Mr. Ernest Giddings speaking for the American Association of Retired Persons and the National Retired Teachers Association. An amendment to the tax reform bill reflecting this suggestion is already pending before the Committee on Finance.

The proper way to go about changing the tax treatment of retired persons is to let that matter be considered by the committee which has jurisdiction over the tax system. That committee is the Committee on Finance, not the Committee on Post Office and Civil Service.

Section 207 of S. 2754 is a tax provision originating in the Senate. In my opinion the point of order against it must be sustained. By all means, whatever tax consideration we give to those living on pensions should be extended to all American citizens, regardless of the source from which their pensions are derived. They should be given equal treatment.

Mr. President, I yield 5 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, there is no doubt in the mind of the Senator from Louisiana that this proposal is an effort to originate a revenue bill in the Senate of the United States, and as such, is clearly unconstitutional. There is a question of committee jurisdiction, but that does not concern the Senator from Louisiana in view of the fact that the Constitution provides that all revenue bills must originate in the House. That means it must be a revenue bill when it originated there. It cannot be made into a revenue bill in the Senate. Therefore, the House should, and I am confident would, insist that this provision of the bill violates the Constitution and send it back to us. But the Senate should not put itself in the position of sending such a bill to the House.

As the Senator from Delaware has pointed out, if this provision were enacted, it would discriminate against other retired persons, such as schoolteachers, policemen, firemen, and others retired on private plans.

We are trying to work out an arrangement in the Finance Committee whereby all retired people are treated the same. In that way we will not have to have other groups come before us saying that we must provide the same benefits for them as we have provided Government employees, because we have discriminated in favor of ourselves and Government employees.

By approaching this problem in the way the Finance Committee is approaching it—and we are conducting hearings—we would hope to reduce taxes for all retired people and achieve justice for all of them.

There is legislation before us, the Tax Reform Act of 1969, which we hope would contain equitable and just tax treatment for all retired persons, and would not select one particular group.

No one who would be supporting the measure that has come from the Post Office and Civil Service Committee could hope to know what the cost would be, because he is in a position to know only what the cost would be for one class; namely, Federal employees. It should be our concern to know what the cost would be when applied to all retired persons, whether they worked for a State government or the Federal Government, or were retired under private pension plans.

That being the case, I think the Senator from Delaware is right. The Senate would be doing a futile thing in originating revenue legislation. I do not think the House would go along with it, and I think we would be wise to strike that section from the bill.

Mr. COOPER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. COOPER. If the amendment should be constitutional—and I do not believe it is; I agree with the Senator—and it should be enacted, would Members of the Senate have the privilege of deducting an additional $3,000 as a tax exemption?

Mr. WILLIAMS of Delaware. Yes, if the bill is enacted as it is at present. Any Member of the U.S. Senate as well as other Government employees would be entitled to another $3,000 tax exemption, which would not apply to other retired persons.

Mr. COOPER. Municipal and State and private pensioners would not have the same privilege?

Mr. WILLIAMS of Delaware. That is right. The argument I have made is that to the extent that we can afford to liberalize retirement tax credit, it should be done for all American citizens and not for any one group.

Mr. COOPER. I agree with the Senator on the merits and on the constitutional issue. The section should be defeated.

Mr. WILLIAMS of Delaware. I think the merits overshadow the constitutional question. Yet they are both involved. But to get to the issue, we are raising it on the constitutional question.

The PRESIDING OFFICER. Who yields time?

Mr. McGEE. Mr. President, has the Senator from Delaware given up the floor?

Mr. WILLIAMS of Delaware. Yes.

Mr. McGEE. Mr. President, I would like to make two observations in regard to the comments which have been made. It has been suggested that this is discriminatory legislation inasmuch as it favors Government employees and leaves out schoolteachers, State employees, and other retired people. I think that argument needs to be compared to another discrimination. In the social security program and in the railroad retirement program the retirees already have the benefit of such a tax exemption, because it already exists. Federal employees have been discriminated against and "selected out" for this special consideration.

This provision is submitted in this particular piece of legislation simply as a matter of long overdue, equitable treatment, in light of the record that has already been written.

But there are basically two fundamental issues here. One is the constitutional one—whether this is a revenue bill in the terms of the Constitution. I have been advised that, as one examines the pertinent section of the Constitution, he

finds that there shall be no bills for the raising of revenue except those originating in the House. This bill does not raise any revenue. And in a decision in 1897, in the case of Twin City Bank against Nebeker, that point was sustained. Therefore, it is at least open to controversy whether there is a constitutional basis for objection.

But objection has been raised on a second ground as well, and that is the point in regard to the legitimate jurisdiction of the committee over this bill—whether it belongs in the Committee on Post Office and Civil Service or whether it properly belongs in the Committee on Finance.

On this point, an identical bill was introduced by me earlier this year. That bill was referred by the parliamentarian to the Committee on Post Office and Civil Service. So this is not a onesided case.

We have been waiting now for 100 years for some action on this matter. We have had no action coming. Our responsibility in the Committee on Post Office and Civil Service is to see to the welfare of those in the civil service, to try to achieve some kind of equity, if it is reasonable. We believe this proposal is reasonable. It is our responsibility. It has been "bucked" back to us several times. So I would raise serious question about the onesidedness of the issue at stake here.

I would only say that the time is long past when the benefit of this kind of legislation properly ought to be given to all of the Federal Civil Service retirees in this country.

I have been in consultation with the parliamentarian and with some constitutional lawyers. I realize the controversy in the case, but I wanted to make sure the record was clear that the controversy is not an open-and-shut case, as it has been represented as being by the raising of the point of order.

In the interest of moving ahead on this matter, I would like to ask, if I may, the chairman of the Finance Committee if he could recommend to us any way in which we could move with dispatch in behalf of the Federal civil service annuitants in this regard.

Mr. COTTON. Mr. President, before that, will the Senator yield for a quick question, for information?

Mr. McGEE. Yes.

Mr. COTTON. I have been reading the report. I want to make sure that this $3,000 exemption comes after, that it does not take the place of, the exemption we already have for the money that has been paid in.

Mr. McGEE. That is right. It comes after the exemption already existing. This provision is not intended to benefit the Senate or Senators or any others who happen to be well off in the retirement system. It is addressed to the 900,000 Federal retirees who are trying to exist on $3,000, $4,000, or $5,000.

Mr. COTTON. Was any consideration given in committee to leaving out Members of Congress from this provision in view of the fact that we recently voted ourselves what seemed to be quite an adequate increase?

Mr. McGEE. Yes, there was serious consideration given to that, and it was thought that we would then open up another can of worms. It was felt that the complications outweighed the advantages of that selecting out process.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, the Senator asked me a question, if he will yield to me to respond.

Mr. McGEE. Yes.

Mr. LONG. I was merely going to say that we intended to have legislation on this subject in the Tax Reform Act of 1969, H.R. 12370, and when that bill is before us in December, the Senator could quite appropriately move to do exactly what he is seeking to do here; and, for all I know, we might decide to do what the Senator is recommending when we get into executive session on that measure.

As I say, the committee has taken testimony on it, and the Senator would have no problem, at that point, about revenue measures originating in the House of Representatives, because the Tax Reform Act, of course, is a revenue bill that did originate in the House of Representatives. Thus the Senator's amendment, of course, would be appropriate to it, and it could be considered at that time.

Mr. McGEE. As the chairman of the Committee on Finance has stated, he and I have discussed this matter privately. We have no intention of trying to invade someone else's territory, and I should like at this point to pose a question to the Senator from Delaware: If we were to agree to withdraw the provision, because of the various judgments that have been rendered and our further study of it overnight, is he willing to withdraw his point of order on this particular section?

Mr. WILLIAMS of Delaware. If the Senator himself wishes to move to strike that provision, section 207, from his bill I would withdraw the point of order so that he could do it.

But, Mr. President, I do wish to make just this point in relation to the question asked by the Senator from New Hampshire: I believe the Senator from Wyoming said that his principal concern was for those hundreds of thousands of civil service retired employees in the $3,000, $4,000, and $5,000 brackets. I call his attention to the remarks I made earlier, pointing out that under existing law a civil service retired employee drawing a pension of around $500 per month, or $6,000 per year, is not paying any income tax at all and is not affected one iota by this provision of the bill. It is only those who are above that bracket who would gain some benefit.

So, as we talk about this bill let us be sure we know what we are talking about. We are not talking about tax relief for those who are drawing pensions below $500 per month or even, under the House bill as it is reported, those drawing pensions as high as $7,200 a year, or $600 a month, for they are already exempted from tax under H.R. 13270 as it came from the House of Representatives. This is a $3,000 exemption over and beyond that, for only those who are on the Government payroll, including Members of Congress.

On what basis did the members of the Senate Civil Service Committee think that Members of Congress are entitled to a $3,000 tax exemption on their pensions above that allowed private citizens?

That is the reason I say that even on its merits this should not be done, and that if Congress is going to establish any such exemption as that, by all means it should be afforded to all retired employees alike.

I think it should be pointed out clearly that we are not dealing just with those in the lower-income groups, because they are not affected one iota. Under existing law, even without the House bill, married couples are not paying any tax at all if they are drawing pensions of $5,000 to $6,000. So let us keep the record straight.

Mr. McGEE. I thank the Senator from Delaware for his comments. I yield now to the Senator from Hawaii.

Mr. FONG. Mr. President, before the distinguished Senator from Wyoming asks to withdraw this provision from the bill, I should like to ask him a few questions.

Is it not true that all payments under social security, to recipients of social security pensions, are exempt from the income tax?

Mr. McGEE. That is correct.

Mr. FONG. And the maximum amount that could be paid to a recipient would be $218, under the new law?

Mr. McGEE. That is correct.

Mr. FONG. If a recipient receives social security payments, and if his wife should be of a certain age, she would also receive a certain amount, which would be about $105?

Mr. McGEE. $105, that is correct.

Mr. FONG. So when we combine the two, $218 and $105, the couple would receive $323 from the Federal Government as a payment under social security, which would be entirely exempt from income tax?

Mr. McGEE. That is correct.

The PRESIDING OFFICER. All time of the Senator from Wyoming under the unanimous-consent agreement has expired.

Mr. McGEE. Mr. President, may I ask my colleague from Delaware if he will yield me 2 minutes, so that the Senator from Hawaii may finish his statement? I yielded to him on my time.

Mr. WILLIAMS of Delaware. Yes, if I have it.

Mr. FONG. I ask the Senator from Wyoming if it is not true that, instead of giving preferential treatment to the Federal retiree, we are trying to put him on an equal basis with retirees under social security.

Mr. McGEE. That is the purpose of this legislation.

Mr. FONG. The person who works for the Federal Government does not have social security. Is that correct?

Mr. McGEE. That is correct.

Mr. FONG. All others who work for private enterprise do receive social security benefits?

Mr. McGEE. That is correct.

Mr. FONG. So when they retire, they are paid under social security, and the amount they receive will be exempted from taxation?

Mr. McGEE. That is correct.

Mr. FONG. So what we are trying to do now is put them on an equitable basis with that of the social security retirees?

Mr. McGEE. That is correct.

Mr. FONG. I thank the Senator.

Mr. McGEE. I thank my friend for his contribution and his exercise of wisdom in helping to guide this matter through our days of hearings.

I should just like to stress, in the little time left, that we have been genuinely trying to achieve equity for a group that has been left out.

Mr. President, I send to the desk an amendment that would withdraw section 207 from the bill, in accordance with the dialog we have just had.

The PRESIDING OFFICER. The Chair advises the Senator from Wyoming that prior to the consideration of this amendment, it will be necessary for the Senator from Delaware to withdraw his point of order.

Mr. WILLIAMS of Delaware. Mr. President, I withdraw the point of order in order that the Senator may offer his amendment.

The PRESIDING OFFICER. Without objection, the point of order is withdrawn, and the clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed, beginning on page 13, line 8, strike out all of section 207, and renumber succeeding sections.

(The language proposed to be stricken is as follows:)

SEC. 207. Section 8345 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) An amount, not to exceed $3,000 each year, which is received by an annuitant or a survivor annuitant under this subchapter and, except for this subsection, which would be included as gross income for purposes of the Federal income tax laws, shall not be included as gross income under such laws."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

Mr. WILLIAMS of Delaware. Mr. President, I certainly support the deletion of this section. I simply wish to make one comment in answer to a point that was raised; namely, that all section 207 proposed to do was extend to civil service employees the same benefits that have been extended to recipients of social security pensions. I call to the attention of the Senate that that is not quite the situation.

Social security pensions are tax exempt, that is true; but there is an additional clause in the social security law which says the man drawing social security must pass an earnings test. He cannot freely supplement his income on the outside beyond, I believe it is $1,680, except as his pension is reduced accordingly, and if he goes beyond a certain amount he loses his social security benefits entirely.

There is no such restriction in connection with civil service pensions. A member of the executive branch or a Member of Congress can go out of here today with a $20,000 pension if he has served long enough, get a job in private industry, and draw his pension at the same time he is working.

There are advantages and disadvantages under each, but let us not try to point out that this is simply to correct an inequity under existing law. If anything, the inequity is directed toward the beneficiaries of social security, who are even more handicapped than beneficiaries of the Civil Service Retirement Act.

I shall not debate the matter further. I support the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS of Delaware. Mr. President, there are one or two more points that I think should be called to the attention of the Senate in connection with this bill.

Earlier this year, not as a part of this bill, Congress raised the salaries for Members of Congress around 40 percent. I opposed that action, but that raising of our salaries automatically had the indirect effect of raising the pensions also. There are provisions in title 2 of the pending bill which increase the pension benefits of all Government employees, including our own, by approximately another 10 percent. I question whether or not that can be justified in the light of the existing circumstances involving the solvency of the civil service retirement fund.

As far as title I of the pending bill is concerned, I support that provision. It provides a new method of restoring some degree of financial responsibility. Title II of the pending bill, however, provides for these increased pensions.

First: It provides that instead of computing our pensions based upon the highest 5 years we compute them upon the highest 3 years. This is the mathematical equivalent of an approximate 10-percent increase in the retirement benefits of many Government employees who will be retiring in the next 2 years.

Second: another provision adds 1 percent to the cost-of-living-increase formula now in the law for annuitants. Under the existing law as the cost of living increases those annuitants who have retired under existing law receive by Executive order an automatic increase in their pensions to offset the increase in cost of living. For example, if the cost of living increases 3 percentage points for 3 consecutive months during the year the pensions of Government employees is increased proportionately.

As a result we have had, I think, three 3.9 percent increases that have been approved or are about to be approved up to this point. I think the previous increases averaged about 3.9 percent.

Under the pending bill, in addition to this escalator clause which would guarantee Government retirees protection against any of the ravages of inflation, the bill would add an additional 1 percent each time this 3-percent increase occurs. Mathematically this means that if the cost of living from now on increases 3 percent a year the pensions will be increased by 4 percent. If we were to have three more consecutive increases in the next 3 years it would mean that instead of raising the pensions 9 percent to offset the increase in the cost of living over the 3 years we would be raising them by 12 percent.

In other words, retired Government employees would get an additional 25 percent above the normal increase in the cost of living.

Under this bill we would be guaranteeing to ourselves in Congress, along with all of the Government employees, that from now on, not only would we, through our own pensions be guaranteed against the ravages of inflation but also we would be making a 25-percent profit in our retirement pay as the result of future increased cost of living.

It does not make any sense to me that we in Government, who to a large extent are responsible for the inflation, would consider a bill where we actually make money on inflation. Other retirees under private, State, teachers, and firemen pension funds are not guaranteed that protection against inflation. Certainly in social security they have no such guarantee. However, under this bill it is proposed that we guarantee not only that we will receive a perpetual escalator clause against the ravages of inflation but also that we will make 25 percent more than the increase in the cost of living itself. That means, as far as we are concerned, that if we can create a little more inflation we will collect a premium on it.

This is an outrageous proposal. I do not think it can be justified. Certainly that if we are going to put in an escalator clause the first place to consider putting it would be on social security, for the benefit of those with lower pensions.

I think that all of the so-called increases intended for the benefit only of those of us who are fortunate enough to have been working for the Government should be deleted and that we should confine the pending bill solely to the purpose for which it was intended; and that is, to restore some degree of financial responsibility to the retirement fund.

The fund already has an actuarial deficit in excess of $50 billion, and title I of the pending bill proposes to reduce that deficit somewhat by starting out with approximately a $275 million appropriation from general revenue, not this fiscal year but next fiscal year, then with graduating increases for about 10 years when, as I understand it, it will approach an annual appropriation of $2 billion that will be restored to the fund.

We are dealing with a program here that will cost a great deal of money anyway, and I think that we ought at least not make it a necessary part of the pending bill that we have to extend additional benefits to ourselves. I think they should be separated in their entirety and that we should let title I of the bill go to the President.

I do not think Congress can justify these increases.

Mr. President, for that reason, I move to strike from the bill beginning on page 8 that part of title II beginning with line 5 down to and including line 14 on page 14.

(The language proposed to be stricken is as follows:)

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

SEC. 201. Paragraph (4)(A) of section 8331 of title 5, United States Code, is amended to read as follows:

"(A) over any 3 consecutive years of creditable service or, in the case of an annuity under subsection (d) or (e)(1) of section 8341 of this title based on service of less than 3 years, over the period of service; or".

SEC. 202. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding the following new paragraph immediately below paragraph (4):

"(5) days of unused sick leave credited under section 8339(m) of this title.".

SEC. 203. Section 8339 of title 5, United States Code, is amended—

(1) by striking out of subsection (b) the words "so much of his service as a Congressional employee and his military service as does not exceed a total of 15 years" and inserting in lieu thereof "his service as a Congressional employee, his military service not exceeding 5 years,";

(2) by amending subsection (c)(2) to read as follows:

"(2) his Congressional employee service;";

(3) by striking out the last full sentence of subsection (f);

(4) by striking out "(excluding any increase because of retirement under section 8337 of this title)" in subsection (i); and

(5) by adding at the end thereof the following new subsection:

"(m) In computing any annuity under subsections (a)–(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (e) of this section, the days of unused sick leave to his credit under a formal leave system, except that these days will not be counted in determining average pay or annuity eligibility under this subchaper.".

SEC. 204. (a) Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting "1 percent plus" immediately after the word "by."

(b) Subsection (c)(2) of such section is amended to read as follows:

"(2) For the purpose of computing the annuity of a child under section 8341(e) of this title that commences on or after the first day of the first month that begins on or after the date of enactment of the Civil Service Retirement Amendments of 1969, the items $900, $1,080, $2,700, and $3,240 appearing in section 8341(e) of this title shall be increased by the total percent increases allowed and in force under this section on or after such day and, in case of a deceased annuitant, the items 60 percent and 75 percent appearing in section 8341(e) of this title shall be increased by the total percent allowed and in force to the annuitant under this section on or after such day."

SEC. 205. The provisions of subsections (b)(1), (d)(3), and (g) of section 8341 of title 5, United States Code, also shall apply in the case of any widow or widower—

(1) of an employee who died, retired, or was otherwise finally separated before July 18, 1966;

(2) who shall have remarried on or after such date; and

(3) who, immediately before such remarriage, was receiving annuity from the Civil Service Retirement and Disability Fund;

except that no annuity shall be paid by reason of this section for any period prior to the enactment of this section. No annuity shall be terminated solely by reason of the enactment of this section. Notwithstanding the prohibition contained in the first sentence of this section on the payment of annuity for any period prior to the enactment of this section, in any case in which the Civil Service Commission determines that—

(1) the remarriage of any widow or widower described in such sentence was entered into by the widow or widower in good faith and in reliance on erroneous information provided by Government authority prior to that remarriage that the then existing survivor annuity of the widow or widower would not be terminated because of the remarriage; and

(2) such annuity was terminated by law because of that remarriage;

then payment of annuity may be made by reason of this section in such case, beginning as of the effective date of the termination because of the remarriage.

SEC. 206. (a) The first sentence of subsection (d) of section 8341 of title 5, United States Code, is amended to read as follows: "If an employee or Member dies after completing at least 18 consecutive months of civilian service, the widow or dependent widower of the employee or Member is entitled to an annuity equal to 55 percent of an annuity computed under section 8339 (a)–(e) and (h) of this title as may apply with respect to the employee or Member, except that in the computation of the annuity under such section, the annuity of the employee or Member shall be at least the smaller of (i) 40 percent of his average pay, or (ii) the sum obtained under such section after increasing his service of the type last performed by the period elapsing between the date of death and the date he would have become 60 years of age."

(b) Subsection (e)(1) of such section is amended to read as follows:

"(e)(1) If an employee or Member dies after completing at least 18 consecutive months of civilian service, or an employee or Member dies after retiring under this subchapter, and is survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(A) 60 percent of the average pay of the employee or Member divided by the number of children;

"(B) $900; or

"(C) $2,700 divided by the number of children; subject to section 8340 of this title. If the employee or Member is not survived by a spouse, each surviving child is entitled to an annuity equal to the smallest of—

"(i) 75 percent of the average pay of the employee or Member divided by the number of children;

"(ii) $1,080; or

"(iii) $3,240 divided by the number of children; subject to section 8340 of this title."

SEC. 207. Section 8345 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) An amount, not to exceed $3,000 each year, which is received by an annuitant or a survivor annuitant under this subchapter and, except for this subsection, which would be included as gross income for purposes of the Federal income tax laws, shall not be included as gross income under such laws."

SEC. 208. (a) The amendments made by sections 201, 202, 203, and 206(a) of this Act shall not apply in the cases of persons retired or otherwise separated prior to the date of enactment of this Act, and the rights of such persons and their survivors shall continue in the same manner and to the same extent as if such sections had not been enacted.

(b) The amendments made by section 204(a) of this Act to section 8340 of title 5, United States Code, shall apply only to annuity increases which become effective under such section 8340 after the date of enactment of this Act.

(c)(1) The amendment made by section 206(b) of this Act shall become effective on the first day of this first month which begins on or after the date of enactment of this Act.

(2) The annuity of each surviving child receiving an annuity under section 8341(e) of title 5, United States Code, or comparable provision of a prior law, immediately prior to the effective date of such amendment shall be recomputed, effective on such date, in accordance with such amendment. No increase allowed and in force prior to such date under section 8340 of such title shall be included in the recomputation of any such annuity, and this paragraph shall not operate to reduce any annuity.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. COTTON. Mr. President, if I correctly understand what the Senator from Delaware has just said, his chief objection is to changing the 5-year period to 3 years in the calculation of the pension.

Mr. WILLIAMS of Delaware. And I also object to the 1-percent escalation clause.

Mr. COTTON. Referring to the first subject first, I might have a good deal of sympathy with the Senator's opposition as far as Members of the Senate and House of Representatives are concerned. However, there are others to be considered.

I think one of the tragedies of our situation here is the fact that when a Member of Congress dies, retires, or is defeated for reelection and his service suddenly terminates, the impact falls on his staff and employees.

We have all seen that while many of the staff members and employees readily find new employment with other Members, there have been many instances of hardship worked through the years on our faithful staff members who find themselves out of employment and unable to make new arrangements. At least, they are not able to make them without a lapse of time between their periods of employment. That seriously affects the continuity of their service and their retirement benefits.

It would seem to me that there is certainly a big distinction between the three-year period—and that is all I am addressing myself to here—for members as against staff and other employees who are subject to the hazards of a sudden severance from their jobs by reason of the death, retirement, or other ending of the service of the Member whom they are serving.

I cannot see my way clear to supporting the Senator's motion for that main reason. If the Senator's motion affected only Members of Congress, I might have sympathy with it and I might be able to support it. However, I think we owe something to those faithful people who have served us through the years.

Mr. WILLIAMS of Delaware. Mr. President, the Senator from New Hampshire makes a point, and I appreciate his position. He is correct. There is insecurity involved for the staff members of Members of Congress; however, on the the other hand, that is somewhat offset by virtue of the fact that employees of Congress traditionally draw higher salaries for comparable jobs than is the

case in other branches of the Government civil service or in private industry.

That is necessary if we are to get competent help. When the employees come here they know there is no security involved in their jobs.

Mr. COTTON. And they work much longer hours than the people downtown. I think they earn what they get.

Mr. WILLIAMS of Delaware. I am not questioning that. I agree fully. As one who has been very fortunate in having as competent a staff as any other Member of the Senate I certainly join the Senator in paying tribute to our staffs. However, on the other hand, we are dealing with a bill that not only affects staff members and Members of Congress but also affects the executive branch as well. I think we should handle it all in one related term.

I would have no objection if we could stop on page 10, line 3, and leave in the bill all the modifications they made on the survivorship benefits.

But so far as the first part of it, dealing with the 3-year formula, which raises pensions by nearly 10 percent, and the escalating clause where retirees would actually make money on inflation, I think that certainly should be deleted. I would want to make it clear to the Senator from New Hampshire that this change still would not correct the point that he raised, because the point dealing with legislative employees, which he raised, would be in the part I would still be deleting.

Mr. President, in order to condense this issue to just these two major increases I am going to change my motion to strike out beginning on page 8, line 5, down to and including line 17 on page 10.

The ACTING PRESIDENT pro tempore. The clerk will state the proposed amendment.

The ASSISTANT LEGISLATIVE CLERK. The Senator from Delaware proposes to strike the language beginning at page 8, line 5, down through line 17, on page 10.

The language proposed to be stricken is as follows:

TITLE II—CIVIL SERVICE RETIREMENT BENEFITS

SEC. 201. Paragraph (4)(A) of section 8331 of title 5, United States Code, is amended to read as follows:

"(A) over any 3 consecutive years of creditable service or, in the case of an annuity under subsection (d) or (e)(1) of section 8341 of this title based on service of less than 3 years, over the period of service; or".

SEC. 202. Subsection (g) of section 8334 of title 5, United States Code, is amended—

(1) by striking out the word "or" at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and the word "or"; and

(3) by adding the following new paragraph immediately below paragraph (4):

"(5) days of unused sick leave credited under section 8339(m) of this title.".

SEC. 203. Section 8339 of title 5, United States Code, is amended—

(1) by striking out of subsection (b) the words "so much of his service as a Congressional employee and his military service as does not exceed a total of 15 years" and inserting in lieu thereof "his service as a Congressional employee, his military service not exceeding 5 years,";

(2) by amending subsection (c)(2) to read as follows:

"(2) his Congressional employee service;";

(3) by striking out the last full sentence of subsection (f);

(4) by striking out "(excluding any increase because of retirement under section 8337 of this title)" in subsection (i); and

(5) by adding at the end thereof the following new subsection:

"(m) In computing any annuity under subsections (a)–(d) of this section, the total service of an employee who retires on an immediate annuity or dies leaving a survivor or survivors entitled to annuity includes, without regard to the limitations imposed by subsection (e) of this section, the days of unused sick leave to his credit under a formal leave system, except that these days will not be counted in determining average pay or annuity eligibility under this subchapter.".

SEC. 204. (a) Subsection (b) of section 8340 of title 5, United States Code, is amended by inserting "1 percent plus" immediately after the word "by".

(b) Subsection (c)(2) of such section is amended to read as follows:

"(2) For the purpose of computing the annuity of a child under section 8341(e) of this title that commences on or after the first day of the first month that begins on or after the date of enactment of the Civil Service Reirement Amendments of 1969, the items $900, $1,080, $2,700, and $3,240 appearing in section 8341(e) of this title shall be increased by the total percent increases allowed and in force under this section on or after such day and, in case of a deceased annuitant, the items 60 percent and 75 percent appearing in section 8341(e) of this title shall be increased by the total percent allowed and in force to the annuitant under this section on or after such day."

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

Mr. WILLIAMS of Delaware. I yield.

Mr. HOLLAND. In looking at this amendment, it seems to me that it cuts two provisions which I think are quite sound, and I want to ask the distinguished Senator if this is not true.

First, it cuts the provision that allows credit for days of unused sick leave. Am I correct?

Mr. WILLIAMS of Delaware. The Senator is correct.

Mr. HOLLAND. What is the justification for cutting that out?

Mr. WILLIAMS of Delaware. I just said that the main purpose of this bill, as I see it, was to restore some semblance of fiscal responsibility to the retirement fund. Title I does that. I have eliminated those changes dealing with proposed pension increases in sections 205 and 206, and of course we have already stricken 207. Perhaps each one of these could be debated, but I think we should not consider the liberalization of these pensions as proposed in this bill.

I understand that the increased benefits under this section which we are dealing with here involve approximately a billion-dollar difference in the actuarial deficiency of the retirement fund. I do not think this is the time to approve a billion-dollar increase in retirement benefits. Congress this year has already enacted salary increases for top executives and Members of Congress, ranging from 40 to 60 percent. That was wrong; but now why increase pensions as proposed in this bill?

That is my personal position, and I will ask, Mr. President, at the appropriate time for a record vote.

I respect the views of the various Members. As I pointed out to the Senator from New Hampshire, I do not want to leave this misunderstood. The points he raised are not taken care of in this modification of my amendment.

Mr. COTTON. I thank the Senator.

Mr. HOLLAND. I notice that included in the parts to be stricken is one part that is not a liberalization. It begins on line 1, page 9, and goes down through line 6. It has to do with how much of the military service an employee or a member shall be allowed in the computation. As I understand the provision, it proposes to reduce the number of years of military service allowed—from 15 to 5 years. That certainly is not a liberalization. Quite the contrary, it is an economy measure.

May I ask whether the Senator has considered the fact that his amendment also covers that particular feature?

Mr. WILLIAMS of Delaware. I have. As I pointed out in answer to the question with respect to the unused leave, I do not think we should deal with any of those factors so far as this bill is concerned. I intentionally included the ones which the Senator refers to, and I realize that he is correct in his analysis of that, too.

Mr. HOLLAND. I thank the Senator for his frankness. It seems to me that his amendment goes a good deal further than his intention, and I could not vote for it in the form that it is presented.

Mr. WILLIAMS of Delaware. I appreciate it. It is not further than I intended. Perhaps it does go further than some would think it should. But the basic 90 percent, or more than 90 percent, of what is involved in this motion, in dollar volume, is all in the change in the formula with respect to the computation of the annuities or the escalating clauses as a result of inflation.

My feeling is that at a time when we are dealing with the problem of inflation, it is not a time when we can afford to liberalize pensions. Unless we take prompt action the entire fund itself will be insolvent in a matter of a few years.

I support the provisions of title I. On the other hand, I do not think these large increases in pensions for Members of Congress and others can be justified. For that reason, I hope this amendment will be agreed to.

Mr. McGEE. Mr. President, I hope the Senate will not accept the pending amendment, and I would like to suggest why I feel that way.

The Committee on Post Office and Civil Service was also very conscious of the cost factor and was even hesitant about the cost of putting the fund on a sound financial basis. But we believe you have to start being honest sometime with the established fund for civil service retirement and that the time to begin is now. It was not an easy decision; it was not a happy decision; but we would like to think it was a little bit statesmanlike.

We likewise believe that in that process, as we make that fund solvent, we also ought to assist the annuitants themselves in remaining solvent, and that this, too, is a good reason for that program. Our very modest adjustments and modifications and changes in policy in regard

to civil service retirees fall into that category.

I would say to my friend the Senator from Delaware that in arriving at this decision, the committee raised the contributions in each category to more than pay for the accruing benefits. It comes out to a 14-percent increase in the contribution and 13.9-plus percent of new funds that are required under the benefits that were added in the bill. We were very conscious of this point.

So I think we would do well to weigh very carefully the elements in title II that the Senator is proposing to strike, the high three; the sick leave allowance toward retirement; the annuities for children that we are proposing to raise from $61 to $75 a month, so that they can live it up in great affluence; and the 1 percent that we add to the 3 percent cost-of-living adjustment—that is already the law—which is only aimed at atoning for the remaining inequity there. That remaining inequity is that by the time the annuitant gets the 3 percent, it is already 5 or 6 months later, after the reading was taken. It was felt that it was only fair and just to add that 1 percent, so that by the time he got it, in the direction that things are now moving, he would almost be catching up with the cost of living.

I say it is unusual language for the Senate to suggest that we want to ignore the needs of the one group that suffers first and most from inflationary forces. Here is the group which has no other recourse except for the endeavors in this body. They have no other place to turn. They cannot receive a salary increase or a salary adjustment without us. We are trying to make it possible for them to survive these rising costs. In an extremely modest way, this is what we have tried to do with this 1 percent.

With regard to Members of Congress, it becomes picayunish when we single out Members of Congress every time one of these measures comes up. We are Federal employees and the moment one group is selected over another group the stage is being set for the next group, the next, and the next. It is far more simple in terms of total money, it was far more equitable, and more fundamental to quit trying to nitpick with respect to groups. We explored this possibility and decided that was not wise legislation.

I do not want the Senator from Delaware to leave the impression here that the committee did not worry about these matters at all. In our collective judgment, which was unanimous, we felt this was the most reasonable balance we could achieve, and it is a good balance, and still stay within the confines of our determination to be responsible about it in terms of fiscal responsibility.

I hope this body will reject the pending amendment of the Senator from Delaware.

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

Mr. McGEE. I yield.

Mr. FONG. Is it not true that if we adopt the amendment of the distinguished Senator from Delaware we would be forcing the employee to add one-half percent to his retirement without giving him any more benefits?

Mr. McGEE. Indeed, the Senator is correct. That would be the net effect. They would get nothing for that increase.

Mr. FONG. And for congressional employees, we are raising them 1 percent, from 6.5 to 7.5 percent, and they would not get anything.

Mr. McGEE. The Senator is correct.

Mr. FONG. Members of Congress would be increased to 8 percent. Is that correct?

Mr. McGEE. This measure proposes to raise Members of Congress to 8 percent.

Mr. FONG. The reason for raising these percentages is to cover a sufficient amount of money so we can give them the added benefits the Senator from Delaware would knock out. Is that correct?

Mr. McGEE. The Senator is correct.

Mr. FONG. And even with these increases we are 0.02 percent below the total amount that will be contributed by the employee and the employer.

Mr. McGEE. That is correct. This is right to the point on the issue raised by the Senator from Delaware, who has an understandable and legitimate concern about fiscal responsibility in our country, and rising costs. That is why the committee did what it did.

Mr. FONG. The committee also raised the contribution and that is why we raised it.

Mr. McGEE. We raised the contribution to just a bit more than to cover benefits.

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

Mr. McGEE. I yield.

Mr. HOLLAND. Assuming that when we raised the level of pay for employees of the Government we did so because of increased living costs, is it not practical to base the amount upon which the retirement is figured upon the greatest 3 years, which would be the last 3 years, rather than on 5 years, which takes the period back to a time of much lower living costs?

Mr. McGEE. That is correct.

Mr. HOLLAND. In other words, putting it on a 3-year basis, retirement is figured more nearly on the current living costs. Is that correct?

Mr. McGEE. The Senator is correct.

Mr. HOLLAND. It is more nearly up with present living costs than on a 5-year base?

Mr. McGEE. The Senator is correct.

Mr. HOLLAND. I congratulate the Senator and the committee for recognizing that fact which to me seems entirely practical and just.

Mr. McGEE. I thank the Senator for his comments. I yield the floor.

Mr. President, I am ready to vote.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I am willing to proceed to a vote in just a moment.

The Senator from Wyoming pointed out that raising the one-half percent contribution by employees finances the increased benefits under the pending bill. The Senator is correct to that extent. Title I of the bill does raise the cost of the retirement system to those who are now civil service employees by, I would guess, approximately the amount of the benefits.

However, the point I make is that this increase in the deductions from the payroll checks of the employees for the retirement system was intended to offset some of the benefits Congress has been passing in years heretofore. For years Congress has been liberalizing the retirement benefits without providing methods of financing. I have raised this point many times when we were acting on such legislation in the past. Let us not forget, pensions have already had one increase as the result of the salary increases earlier this year.

Congress has enacted several increases in the benefits in the retirement system which were not financed over the years. That is the reason the retirement fund is not solvent. The deficiency is around $50 billion to $55 billion.

Let no one be disillusioned. The deficiency created in the liberalizations enacted by previous Congresses is at the expense of the American taxpayers.

Under title I of this bill, beginning next year, we start with $275 million, and that graduates up to a couple billion dollars that will be paid into the fund annually. These will be appropriated funds that will be paid by taxpayers, so we are not dealing with increased pensions which will be financed by employees themselves. It will not be financed on the formula which was recognized first where the employees' contribution would be 6.5 percent and the Government, as the employer, would match it with 6.5 percent. This bill goes far beyond the matching provision, and the ultimate end is that taxpayers will be financing the appropriations—about $2 billion from general revenue.

Financing Government pensions from general revenue is a drastic change from what was intended when this retirement system was first established.

I question whether we have any right at this time to saddle the American taxpayers with this extra $2 billion annual cost to finance a retirement system which will extend to Government employees and Government employees alone a guarantee that once they retire not only will their pensions be guaranteed against any ravages of future inflation, but also they will actually make a 25-percent profit on all inflation that develops after retirement. I do not think such a provision can be justified any more than we can justify the other section of the bill which grants a 10-percent increase in retirement benefits.

For that reason I hope the section is deleted from the bill.

Mr. SPONG. Mr. President, the findings and conclusions of the Committee on Post Office and Civil Service with respect to the $3,000 income tax exemption are basically logical and fair. Neither social security nor railroad retirement is subject to the Federal income tax, and since many of those annuitants are among those 65 years old and older and already

are receiving a double exemption, it seems clearly equitable to exempt a reasonable portion of the civil service retirement annuities from Federal taxation.

It is my hope that such an exemption will be brought before the Senate in an acceptable form as soon as possible.

Mr. President, I have shared the concern of many Federal employees with respect to the financing of the civil service retirement fund. It has been my feeling that Congress should face up to this problem and take no further actions to deplete the fund until some method has been devised to stabilize it.

I commend the members of the Post Office and Civil Service Committee for their efforts to provide a solution to the problems which have resulted from increased retirement benefits and other actions in the past that have created an unfunded liability without any method of payment into the fund for these liabilities.

The provisions of title I, which provide for annual payments to the fund and for increased contributions, should be helpful in our efforts to stabilize the fund.

The older citizens of our country have a difficult time making ends meet. As a group, those over 65 have a higher poverty rate than any other age group. Low income is a major concern to them, and their savings, pensions, and similar assets are eroded swiftly by inflation and the rising cost of living. Retired employees of the Federal Government are not exempt from these acute economic problems that affect the elderly, and I think the Government has a responsibility to its employees who have labored long and faithfully in its service.

I am glad to support the bill.

Mr. COOK. Mr. President, there was a provision of the bill which puzzled me—one adding 1 percent to the 3 percent cost-of-living increases—although I supported the benefits and cost-of-living increases.

I heartily support the bill and announce that I shall vote "yea."

Mr. WILLIAMS of Delaware. Mr. President, I am ready to vote.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Delaware (Mr. WILLIAMS). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Indiana (Mr. BAYH), the Senator from North Dakota (Mr. BURDICK), the Senator from Nevada (Mr. CANNON), the Senator from California (Mr. CRANSTON), the Senator from North Carolina (Mr. ERVIN), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Oklahoma (Mr. HARRIS), the Senator from Hawaii (Mr. INOUYE), the Senator from North Carolina (Mr. JORDAN), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from New Mexico (Mr. MONTOYA), the Senator from Utah (Mr. Moss), the Senator from Maine (Mr. MUSKIE), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Georgia (Mr. RUSSELL), the Senator from Maryland (Mr. TYDINGS), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I also announce that the Senator from Michigan (Mr. HART), the Senator from Iowa (Mr. HUGHES), the Senator from Washington (Mr. MAGNUSON), and the Senator from Washington (Mr. JACKSON) are absent on official business.

I further announce that, if present and voting, the Senator from Washington (Mr. JACKSON), the Senator from California (Mr. CRANSTON), the Senator from Maryland (Mr. TYDINGS), the Senator from Texas (Mr. YARBOROUGH), the Senator from Indiana (Mr. BAYH), the Senator from North Dakota (Mr. BURDICK), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Nevada (Mr. CANNON), and the Senator from Iowa (Mr. HUGHES) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. FANNIN), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Illinois (Mr. SMITH), the Senator from Alaska (Mr. STEVENS), the Senator from Ohio (Mr. SAXBE), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

The Senator from Texas (Mr. TOWER) is detained on official business.

If present and voting, the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Arizona (Mr. FANNIN), the Senator from Oregon (Mr. HATFIELD), the Senator from California (Mr. MURPHY), the Senator from Alaska (Mr. STEVENS), the Senator from Ohio (Mr. SAXBE), the Senator from South Carolina (Mr. THURMOND), and the Senator from Texas (Mr. TOWER) would each vote "nay."

The result was announced—yeas 8, nays 56, as follows:

[No. 111 Leg.]

YEAS—8

Aiken	Curtis	Williams, Del.
Baker	Hansen	Young, Ohio
Cook	Packwood	

NAYS—56

Allen	Goodell	Nelson
Allott	Griffin	Pastore
Bible	Gurney	Pearson
Boggs	Hartke	Pell
Brooke	Holland	Percy
Byrd, Va.	Hollings	Prouty
Byrd, W. Va.	Hruska	Proxmire
Case	Javits	Ribicoff
Church	Jordan, Idaho	Schweiker
Cooper	Kennedy	Scott
Cotton	Long	Smith, Maine
Dodd	Mansfield	Sparkman
Dole	Mathias	Spong
Eagleton	McGee	Stennis
Eastland	McGovern	Symington
Ellender	Metcalf	Talmadge
Fong	Miller	Williams, N.J.
Fulbright	Mondale	Young, N. Dak.
Goldwater	Mundt	

NOT VOTING—36

Anderson	Cannon	Gore
Bayh	Cranston	Gravel
Bellmon	Dominick	Harris
Bennett	Ervin	Hart
Burdick	Fannin	Hatfield
Hughes	McIntyre	Saxbe
Inouye	Montoya	Smith, Ill.
Jackson	Moss	Stevens
Jordan, N.C.	Murphy	Thurmond
Magnuson	Muskie	Tower
McCarthy	Randolph	Tydings
McClellan	Russell	Yarborough

So the amendment of Mr. WILLIAMS of Delaware was rejected.

The ACTING PRESIDENT pro tempore. The bill is open to further amendment.

If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time.

The bill was read the third time.

Mr. McGEE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 334, H.R. 9825.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The ASSISTANT LEGISLATIVE CLERK. A bill (H.R. 9825) to amend subchapter III of chapter 83 of title 5, United States Code, relating to civil service retirement, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. McGEE. Mr. President, I move to strike out all after the enacting clause and insert in lieu thereof the text of S. 2754, as amended.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Wyoming.

The motion was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, I shall vote against the bill. As I stated earlier, I think title I, restoring some degree of solvency to the retirement fund, was necessary, and I would like to support it; however, I do not think that we should at this time increase retirement benefits for all Government employees an average of about 10 percent, as is done under the bill as a result of the change in the formula.

The second point is that under the bill it is guaranteed to all retired Government employees that, from this day forward, not only will their pensions be protected against the ravages of inflation but also that Government employees will actually make 25 percent on the inflation that develops from the day they retire. That is, as the cost of living goes up 3 percent, the retirement benefits will increase 3 percent plus 1 percent, which means the benefits will increase 4 percent for every 3-percent increase in the cost of living. It is an escalation clause which means that from now on Government employees—including ourselves and those in the executive department who are responsible for inflation—will actually make money. The more inflation we have the more retirement benefits we will get because the bill guarantees that never again, as we retire from this day forward, will we have to worry about the ravages of inflation.

Government employees, alone of all the American people, will now be guaranteed that their pensions will never be

adversely affected by inflation. Not only that, they will make 25 percent on inflation because the pensions of Government employees will increase 25 percent faster than the cost of living.

I think it is an outrage that the Congress would adopt such a provision and ask it be supported, as it does, by the American taxpayer to the tune of $2 billion a year from general revenue. That will be the cost to the taxpayers.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute.

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The question now is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill (H.R. 9825) was read the third time.

Mr. GOLDWATER. Mr. President, I would like to ask the Senator from Delaware a question. If it is in the hearings, the Senator can tell me, and I will look it up, but I have not found it.

It was my understanding a few years ago that the civil service retirement fund was not in good shape.

Mr. WILLIAMS of Delaware. That is correct. There is an actuarial deficiency in excess of $50 billion.

Mr. GOLDWATER. $50 billion?

Mr. WILLIAMS of Delaware. Yes; and that is due to the fact that over the years since Congress established the rate of deductions from the employees, back about 20 years ago, Congress has liberalized the benefits for civil service retirees without increasing the deductions or the payments into the fund

A part of the deficiency has also resulted from the fact that for a number of years the Government itself did not put into the fund the matching money against the deductions of the employees, and to that extent the deficiency is, in my opinion, an obligation of the U.S. Government.

But on a matching basis of 6.5 percent from the employees and 6.5 percent from the Government as the employer, that 13 percent will pay only about one-half of the benefits that are now provided under the civil service retirement system, which means that this bill, recognizing that fact, provides for direct appropriations from general revenue in addition to the deductions beginning with $278 million a year next year, and the figure will escalate until it reaches an annual total of $2 billion a year. From then on it remains at approximately that figure of direct taxes paid into the fund under the provisions of this bill. It could even grow somewhat higher so that each year the taxpayers will be called upon to pay taxes to the extent of about $2 billion a year to support benefits under the civil service retirement system which are not being paid for by the employees and the Government on a matching basis.

I do not think that was right. I support the sections of title I which would provide the method of financing this fund by increased deductions. I think that was a long overdue recognition of the situation that exists, but I do not agree that at the same time we should increase the benefits further. According to the estimate that was given to me, the increased benefits that the committee would provide under this bill will add another $1 billion to the actuarial deficiency.

The Senator from Wyoming very properly pointed out that the increased benefits under this measure, for the first time under a civil service retirement bill, are being financed by increased deductions from the payroll checks of the employees. But the point I made was that these new increases in deductions should be used, not to pay new benefits such as are before the Senate today, but to cover the cost of benefits which have been approved by preceding Congresses in the past 15 years and which were not properly financed at the time.

Now we are starting all over again to create another deficiency in the civil service retirement fund.

Mr. GOLDWATER. In view of that statement, I should like to ask the Senator another question. If we follow the procedures outlined or suggested in this bill, we offset the attempt to bring the retirement fund into actuarial soundness and continue the same problem; am I correct in that?

Mr. WILLIAMS of Delaware. That is correct, except that they propose to correct that problem in this manner: by tapping the Federal Treasury to the extent of $2 billion a year. I just do not think that we have a right at this time to call on the American taxpayers, who are having enough to do to pay their taxes and to provide for their own retirement, to pay another $2 billion per year to support the retirement benefits of Government employees.

I believe in a sound retirement system. I was on the committee the first few years after I came here and had something to do with writing the present retirement system. We are proud of it. I remember the then Senator from Maryland, Mr. O'Conor, took a very active part at that time, and we worked out and finally reported a bill which was reasonably actuarially solvent in that the contributions of the employees when matched by those of the Government would keep it on a solvent basis.

Unfortunately over the years, year by year. Congress has liberalized the benefits without increasing the employee contributions, with the result that we have built up this tremendous deficiency in the retirement fund, such that if no action were taken at all it is estimated that within about 10 or 12 years the fund would be bankrupt.

Certainly we cannot allow that. But I felt that the provisions that would provide for increasing the contributions to make the fund solvent should have been kept and used for that purpose, rather than to start this same "escalation clause" of increasing our benefits all over again. I do not think we can justify by any means here today raising the retirement benefits for Government employees by about 10 percent by changing the formula from the 5-year to the 3-year formula. Nor can we justify adding another section to guarantee that, in perpetuity, a retired Government official will never again have to worry about the ravages of inflation by actually getting a 25-percent increase over the degree of inflation as it goes along. In other words, we would collect a 25-percent premium on inflation. I think it is outrageous that Congress would ever propose such a measure. It was for that reason I tried to delete those provisions from the bill. I was unsuccessful, and I shall vote against the bill.

Mr. GOLDWATER. One further question, and then the Senator will have satisfied my lack of knowledge.

The Senator says the fund is now $50 billion in the red, and that, if we had not provided in section 1 means to offset that, it would have meant bankruptcy of the fund, probably, in 10 years.

My question is, in view of the fact that the increases in benefits offset some of the other increases, have we absolutely guaranteed that there will never be a time when the fund is bankrupt?

Mr. WILLIAMS of Delaware. To a large extent this bill does that in this manner; the bill provides unlimited authority to tap the Federal Treasury and let the taxpayers keep it solvent.

Mr. GOLDWATER. I thank the Senator.

Mr. WILLIAMS of Delaware. The committee frankly admits in its estimate that such contributions from the Treasury will be at the rate of $2 billion a year when it becomes fully operative.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. CURTIS. I should like to state that the junior Senator from Nebraska is of the opinion that there are probably many individual cases where the record is such that they merit and deserve the provisions of this bill. There is another matter that disturbs me, however, and that is the total impact of the bill, and the total cost of it is, at a time when our budget, as far as general funds are concerned, is at a deficit, and it appears that it will be that way for some time.

I am also mindful of the restraints placed upon the people who are not associated with the Federal Government. They are asked to hold the line. I do not believe that private pensioners, in the main, have the liberality that we extend to Government pensioners. I believe that the social security program has fallen behind the overall benefits of the civil service.

Would the Senator agree that while many provisions in the bill may be desirous, or many provisions that certain individuals or groups merit and deserve, now is a bad time to make a sizable financial commitment that will run for all time and from which there can be no retreat?

Mr. WILLIAMS of Delaware. I certainly would. I think that to take this step now is poorly advised. That is why I cannot support the bill in its present form. I want the RECORD to show that I do not support this provision. It was for that reason that I tried to delete these liberalization provisions from the bill, but that amendment was overwhelmingly defeated.

Mr. COOPER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. COOPER. The Senator stated that in the future the liberalized benefits would be paid by increased deductions from the compensation of employees. Is that correct?

Mr. WILLIAMS of Delaware. There are increased deductions from the employees provided for in this bill which would about offset the liberalized features of the bill; that is true. But I take the position that the increased contributions should have been directed toward correcting some of the present insolvency of the retirement fund rather than unloading that burden on the taxpayers. That is the point I make. To call upon the taxpayers to shoulder this burden cannot be justified.

Mr. COOPER. The Senator spoke about an automatic cost-of-living increase. Would that be provided by increased deductions from employees' pay?

Mr. WILLIAMS of Delaware. No; future increases would be financed automatically out of the Federal Treasury. The bill provides that as the increases become effective the obligations of the Federal Treasury will be increased in proportion. So to that extent it could be said that future increases will be financed by the taxpayers.

Mr. COOPER. The Senator said, as I understood him, that the actuarial deficit would reach about $50 billion in 10 years.

Mr. WILLIAMS of Delaware. That is the deficit now.

Mr. COOPER. As I remember, in previous years the Senator from Delaware urged that the deficit should be corrected. What would happen with respect to the thousands of employees who have retired and whose deductions were of the amounts required of them during their service? I think it is obvious that they could not live on those amounts now. Am I correct?

Mr. WILLIAMS of Delaware. The Senator is correct. I would support title I of the pending bill under which that deficiency is corrected and a guarantee extended to those who have retired that the pension fund will be solvent for the remainder of their lives.

I think the committee should be commended on that point. It is a long overdue recognition of the insolvency of this retirement fund. Sooner or later Congress will have to face up to the fact that the fund is approaching the day of insolvency.

I support the committee's action under title I wherein it raises the contribution rates for both employees and the Federal Government as the employer.

Mr. COOPER. Mr. President, will the Senator state whether from this time forward, if the bill should be enacted into law, the deductions would be sufficient—and no one can tell, but I mean from an estimate standpoint—to pay the benefits that must be paid. Assuming that there had been do deficit in the past and looking at the matter as if we were starting on it now, would the fund be solvent without the help of the taxpayers funds?

Mr. WILLIAMS of Delaware. It would not under this pending bill. Assuming that the 6.5 percent contributed by the employee is matched by the employer, for a total of 13 percent, that 13 percent would not be sufficient to pay the benefits from this time forward. It would require an additional contribution of around $2 billion per year from general revenue. There would be a deficiency of about 9 percent of the Federal payroll. In other words, the Government would have to put in about $2 billion per year.

Mr. McGEE. Mr. President, would it not be to the point of the Senator's question to say that the pending bill does address itself to staying ahead, so that the fund will be solvent when our due date is arrived at? We have provided in the bill for keeping the fund solvent.

Mr. WILLIAMS of Delaware. The Senator is correct. As I pointed out, it does it in this manner.

There are automatic clauses that could trigger an increased Government contribution out of general revenue in order to keep it solvent.

Under that escalator clause the committee estimated the cost to the taxpayers would be about $2 billion a year 10 years from now. And if in the future other benefits are approved and the new financing is not provided for by increased deductions then the $2 billion figure would rise proportionately.

Mr. McGEE. The committee did provide for an increase in the deductions to pay for these particular benefits. However, the important point is that the deficiency is not due to the failure of the employees to contribute, but to the failure of the U.S. Government to set aside its proportionate share each year. This is the matter that we are seeking to correct.

Mr. WILLIAMS of Delaware. The statement is partly correct. There was a period of years when the Government did not put in the matching contribution. Those matching contributions of the Federal Government plus interest would amount to about $5 billion or $6 billion and would take care of about one-tenth of the present actuarial deficiency. That arises from the fact that even though the Government was on an equal matching basis, if the Government had made all its payments plus interest there would still be $40 billion deficiency remaining which would have to be taken care of either by increased contributions or by tapping the Federal Treasury, as the committee decided to do.

This deficiency in the funds is the result of past Congresses voting increased retirement benefits without making provisions to raise the money to pay them.

So while it is partly true to say that some of the deficiency results from the failure of the Government to have matched the contributions of the employees that is only about 10 percent of the deficiency.

Mr. COOPER. Mr. President, as I understand it, the chief portion of the actuarial deficit results from the fact that Congress did not first require sufficient deductions from the employees.

Mr. WILLIAMS of Delaware. At first it did require deductions in a sufficient amount when the Federal Government matched them. However, Congress over the years has been liberalizing the pension funds, but it did not at the same time increase the deductions to provide for a method of financing.

One of the points that the former Senator from Maryland, Senator O'Conor, and I made 20 years ago when we dealt with the matter was that we should incorporate a requirement in the law to the effect that every time Congress raised the benefits it would have to raise the deductions on the part of both the employees and the Government at the same time.

Had we been successful then we would not be here today with a $50 billion deficit. Over the last 15 years Congress has been raising retirement benefits practically every year for the employees and at the same time making no provisions at all for the financing of these benefits. It has been the same old story. Members of Congress scramble for a chance to spend money, but they are very bashful when it comes to imposing the tax to pay for the programs.

Even here today, while the committee authorizes that the Federal Treasury can be tapped for an extra $2 billion annually to pay for the cost of these retirements increases, they defer the date of this new tax until after next year's election.

The committee had to provide financing in the pending bill to pay for the benefit increases that had been granted for the past 15 years, but why start this parade all over again by authorizing a new round of increases? If the money provided under title I were intended to pay for the past benefits that have been voted my contention is that we should have kept it to that point and not started another round of escalation.

Mr. COOPER. Does one-half of the deficit, or a great part of the deficit, result from the fact that in the past Congress did not appropriate sufficient funds to pay the Government's share, the employer's share, of the fund?

Mr. WILLIAMS of Delaware. That would only account for about 10 percent of the deficiency. The other 90 percent is accounted for by the fact that Congress in the past approved benefits that were not matched by the increased contributions on the part of the employees and the Government.

Mr. COOPER. Mr. President, it is not likely that we could levy upon the employees who have already retired increased deductions to make up for the past deficit.

Mr. WILLIAMS of Delaware. No, that could not be done. I would not support such a move, and I do not think it could be done.

As these employees retire it is a contract they have with the Government, and I do not think you can go back and rescind it.

I have always taken the position that what the retired employees of the Government want most, No. 1, is the assurance that, no matter how long they live, this fund will be solvent and their payments will continue. They do not want to figure that they have to die by a certain date or they will not have anything on which to live. They want assurance that the pension will be paid as long as they

live, and that is one point we have to be sure to protect. I think we should consider that point as No. 1.

The second point is, to what extent can it be liberalized? That is equally important to them.

But the major point is that once an employee retires and is dependent upon the pension he wants the assurance that he does not have to die early in life in order to keep from going to the poorhouse. I think we in Congress have been negligent in giving him that assurance.

Mr. COOPER. The social security trust fund is not actuarially solvent, is it?

Mr. WILLIAMS of Delaware. Not from the standpoint of insurance. But it is actuarially solvent—or was—on the premise the workers under the law have to come under it; therefore, the Government is assured of continued contributors and policyholders for life.

For years it has been a policy accepted and recognized by the Ways and Means Commitee and the Finance Committee that they would consider no increased benefits in social security if there were not in the same bill provisions for an increased contribution or tax to pay for it. That has been the policy, and we have mentioned it on the floor of the Senate when various Members have proposed increased social security benefits. Members were told there was no use in approving increased benefits unless there were a tax in the same bill to provide the financing.

Had that rule been in effect in the Civil Service Retirement Act 20 years ago we would not be in this dilemma today, and I wish it were a part of this bill. Then we would have the situation that Members of Congress as they vote for increased benefits, which is always popular, would also vote to raise the contributing rates for the employees.

The unfortunate point is that after next year Congress will be required to raise the taxes of the American taxpayers to the extent of $2 billion a year to pay for the benefits that are being approved under this bill today.

Mr. COOPER. If the social security trust fund should be threatened, its real solvency rests upon the credit of the United States and the taxes and appropriations to keep it solvent.

Mr. WILLIAMS of Delaware. Morally, yes; that is the answer. Legally the social security pension fund is not anchored to the Federal Treasury. The civil service retirement fund will be anchored to the Federal Treasury under this bill.

Government employees under this bill are being placed in a special class with benefits that are not available to any other type of citizens and these benefits are being financed directly out of general revenue. I trust that those who have voted for this bill here today will explain this to their taxpaying constituents.

Mr. COOPER. I am glad to have the explanation of the Senator from Delaware. I think it a mistake to add the 1 percent to the cost of living increase, and am sorry that is in the bill. But, on the whole, I think this bill does move toward protecting the trust fund and protecting the retirees.

Mr. DOLE. Mr. President, I support S. 2754. Upon reading the report, I was impressed by the committee's approach taken to resolve problems presently confronting our civil service retirement and disability system. The committee has recommended an extension of benefits and also a realistic concern about financing the benefits.

I have long been sympathetic to the needs of our retired citizens who must live on a fixed income. During periods of inflation, as now, senior citizens bear an unfair share of the problems caused by the decreasing purchasing power of our dollar. Many who gave years of dedicated service find themselves unable to exist on the retirement pay they had anticipated would allow them to live comfortably in their later years.

Several provisions in S. 2754 are particularly noteworthy. Section 204(a) will provide for an additional 1-percent adjustment with each cost-of-living increase. Existing law provides for an adjustment whenever the Consumer Price Index shows a 3-percent increase for each of 3 consecutive months. The 1-percent increase will allow our retired civil servants to live more realistically with an inflation rate that has been averaging 6.4 percent.

Section 201 of S. 2754 will more fully reward the civil service employee by use of his highest 3 years of earnings as a base period for computing annuities rather than the highest 5 under existing law.

There are other provisions, including those for financing the civil service retirement and disability system, extension of credit for military service and improvements in the survivor benefits for employees who die with little Federal service, for employees who die after retiring upon a disability annuity, and for surviving children of Federal employees. All are needed additions to our civil service retirement and disability system.

I urge the Senate to pass S. 2754 as a reasonable approach to the problems of those retired from Federal services.

The ACTING PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 9825) was passed.

Mr. McGEE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

Mr. FONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I ask unanimous consent that, in the engrossment of the Senate amendment to H.R. 9825, the Secretary of the Senate be authorized to make the necessary clerical and technical adjustments in the language of the bill.

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

Mr. McGEE. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Acting President pro tempore appointed Mr. McGEE, Mr. YARBOROUGH, Mr. RANDOLPH, Mr. HARTKE, Mr. FONG, Mr. BOGGS, and Mr. FANNIN conferees on the part of the Senate.

Mr. McGEE. Mr. President, I ask unanimous consent that S. 2754 be indefinitely postponed.

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

Mr. MANSFIELD subsequently said: Mr. President, I ask unanimous consent that in the engrossment of the Senate amendment to H.R. 9825 the Secretary of the Senate be authorized to eliminate the last four lines of the amendment since it refers back to section 207 of the amendment which was stricken out and therefore no longer has an significance.

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

Mr. MANSFIELD. Mr. President, the Senate's thorough, expeditious, and overwhelming acceptance of the civil service retirment measure is due primarily to its expert handling by the distinguished chairman of the Senate Post Office and Civil Service Committee, the Senator from Wyoming (Mr. McGEE). Senator McGEE, along with the members of his committee, worked diligently to report out a bill that means so much to those who serve the Government and one that is designed to stabilize the retirement fund. The Senate appreciates his knowledge of this area and the strong advocacy with which he presented its features.

We are also indebted to the senior Senator from Delaware (Mr. WILLIAMS) for his thought-provoking contributions to the discussion and appreciate very much the cooperation he exhibited.

The Senate as a whole is to be complimented for the efficient disposition of this measure today.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, informed the Senate that Mr. Mailliard had been appointed as a conferee in the conference on the bill (S. 1075) to establish a national policy for the environment; to authorize studies, surveys, and research relating to ecological systems, natural resources, and the quality of the human environment; and to establish a Board of Environmental Quality Advisers, vice Mr. Pelly of Washington, excused.

PEACE CORPS ACT AMENDMENTS OF 1969

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the motion of the Senator from New York (Mr. JAVITS) of September 19, 1969, to reconsider the passage of H.R. 11039.

The PRESIDING OFFICER (Mr. McGOVERN in the chair). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the action of the Senate in appointing conferees on H.R. 11039 be reconsidered.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate reconsider the votes by which H.R. 11039 was read the third time and passed.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 11039) to amend the Peace Corps Act (75 Stat. 612) as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I send to the desk an amendment.

The PRESIDING OFFICER. The amendment will be read.

The legislative clerk read as follows:

On page 1, line 7, delete "$92,800,000" and insert in lieu thereof the following: "$95,800,000".

Mr. JAVITS. Mr. President, the Senate, in the Committee on Foreign Relations, cut $10 million from this appropriation. At the time I indicated I thought it was cutting too deeply. There are very strong reasons why the Senate took this position, not indivious to the Peace Corps, but based on a certain depth of judgment Senators had about other provisions in the bill. The bill will go to conference.

Mr. President, I felt the cut was too steep. When the bill went through on the Consent Calendar I asked the distinguished majority leader if he would be kind enough to allow me to try to restore some of the cut. He did. I have come to an agreement with the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Vermont (Mr. AIKEN), and the Senator from Kentucky (Mr. COOPER), because they are the principal Senators interested, that the cut should be reduced to $7 million.

I believe the matter can be properly concluded in the Senate in that way. I wish to express gratitude to the chairman of the committee (Mr. FULBRIGHT) who has strong feelings about this matter and who has made a signal contribution to the Peace Corps.

There is nothing further for me to say except to express my deep appreciation that this kind of statesmanship is present in the Senate, regardless of the parliamentary situation.

Mr. FULBRIGHT. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. The Senator has correctly stated the situation. It is my understanding that the principal sponsors of the amendment in the committee, the Senator from Delaware and the Senator from Kentucky, are agreeable to the change. I certainly have no objection. I shall offer no objection to the Senator's amendment.

Mr. JAVITS. I thank my colleague. I meant to include the Senator from Kentucky.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. JAVITS. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MANSFIELD and Mr. FULBRIGHT moved to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Chair appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. GORE, Mr. AIKEN, and Mr. MUNDT as conferees on the part of the Senate.

THE JOHN F. KENNEDY CENTER

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 316, H.R. 11249. I do this so that the bill will become the pending business.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 11249) to amend the John F. Kennedy Center Act, to authorize additional funds for such Center.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I had not intended to take the lead in speaking in behalf of the measure now pending, but because of a set of circumstances which arose, it seems that I have been delegated to do so.

Mr. President, the Senate is considering H.R. 11249 as reported from the Committee on Public Works.

The purpose of this bill is to amend section 8 of the John F. Kennedy Center Act by striking out $15,500,000 and inserting in lieu thereof $23,000,000, thus increasing the authorization for appropriation by $7,500,000, and to amend section 9 of the act by striking out $15,400,000 and inserting in lieu thereof $20,400,000, thus increasing the authority to borrow from the U.S. Treasury by $5,000,000.

The John F. Kennedy Center Act authorized the appropriation of $15,500,000 to be used for the matching of gifts for the construction of the Center and further authorized the Board of Trustees of the Center to issue bonds for the purpose of borrowing from the U.S. Treasury $15,400,000 for the construction of the parking facilities. At the time this act was passed, it was estimated that the total cost of the building, with parking facilities, would be approximately $46,400,000. However, since that time, due to inaccurate estimating, changes in design, strikes, and the increased cost of construction, the estimated cost of completing the facility has risen to $66,200,000, and there are insufficient funds available from private contributions to complete the work.

The Center is approximately 50 percent completed, and without an additional appropriation of funds to match private gifts, and without additional borrowing authority to obtain funds for the parking facility, the work cannot be completed. The Chairman of the Board of Trustees of the John F. Kennedy Center has stated that, in his opinion, it would be impossible to raise all of the additional funds required for the completion of the Center at this time, and if it becomes necessary to interrupt the work and delay completion for any length of time, it would probably cost an additional $10 million to complete construction at a later date.

To interrupt construction of the facility at this time would jeopardize the $15,500,000 which the Federal Government has already invested in the project and would deny the use of this long desired cultural center to the many people who visit and live in the Nation's Capital. At the rate that construction costs are rising, there is little doubt that this facility will cost at least an additional $10 million to complete at a later date if construction is interrupted at this time.

Mr. President, the House passed H.R. 11249 on July 8, 1969, and the Committee on Public Works of the Senate recommends its passage.

Mr. President, I ask unanimous consent to have printed in the RECORD certain excerpts from the report of the Committee on Public Works in relation to H.R. 11249.

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

SUMMARY OF THE BILL

H.R. 11249 would amend section 8 of the John F. Kennedy Center Act (Public Law 88–260), by striking out $15,500,000 and inserting in lieu thereof $23 million, thus increasing the authorization for appropriation by $7,500,000. It would also amend section 9 of the John F. Kennedy Center Act by striking out $15,400,000 and inserting in lieu thereof $20,400,000, thus increasing the authority to borrow from the U.S. Treasury by $5 million.

THE NEED

The John F. Kennedy Center Act authorized the appropriation of $15,500,000 to be used for the matching of gifts for the construction of the Center and further authorized the Board of Trustees of the Center to issue bonds for the purpose of borrowing from the U.S. Treasury $15,400,000 for the construction of the parking facilities. At the time this act was passed it was estimated that the total cost of the building, with parking facilities, would be approximately $46,400,000. However, since that time, due to inaccurate estimating, changes in design, strikes, and the increased cost of construction, the estimated cost of completing the facility has risen to $66,200,000 and there are insufficient funds available from private contributions to complete the work.

The Center is approximately 50 percent completed, and without an additional appropriation of funds to match private gifts, and without additional borrowing authority to obtain funds for the parking facility, the work cannot be completed. The Chairman of

the Board of Trustees of the John F. Kennedy Center has stated that, in his opinion, it would be impossible to raise all of the additional funds required for the completion of the Center at this time, and if it becomes necessary to interrupt the work and delay completion for any length of time, it would probably cost an additional $10 million to complete construction at a later date.

GENERAL STATEMENT

In September 1958, President Eisenhower signed into law Public Law 85–784 authorizing the construction of a National Cultural Center in the Nation's Capital. The tragic death of President Kennedy resulted in early action by the Congress to reconsider the status of the Center and to adopt it as the principal memorial to the late President in the Greater Washington area. Senate Joint Resolution 136 was enacted and signed as Public Law 88–260 on January 23, 1964, naming the Center the John F. Kennedy Center for the Performing Arts.

Public Law 874, 85th Congress, authorized the establishment in the Smithsonian Institution of a Board of Trustees of the National Cultural Center, composed of 15 specified Federal officials, members ex officio, and 15 general trustees appointed by the President, to cause to be constructed for the Institution, with funds raised by voluntary contributions, a building to be designated as the National Cultural Center on a site in the District of Columbia bounded by Rock Creek Parkway, New Hampshire Avenue, the proposed Inner Loop Freeway, and the approaches to the Theodore Roosevelt Bridge.

The Board would maintain and administer the National Cultural Center and site thereof, present programs of the performing arts, lectures, and other programs, and provide facilities for other civic activities. There would also be established an Advisory Committee on the Arts, designated by the President, to advise and consult with the Board and make recommendations regarding cultural activities to be carried on in the Center. The lands for the National Cultural Center and related activities would be acquired by the National Capital Planning Commission, with plans and specifications for the building approved by the Commission of Fine Arts.

The act provided that it would expire if, within 5 years after the date of its approval, in the opinion of the Board of Regents of the Smithsonian Institution, sufficient funds to construct the National Cultural Center had not been received by the Trustees. Any funds and property (real and personal) received by the Trustees during this period, and income therefrom, in event of the termination of the offices of such Trustees, would vest in the Board of Regents of the Smithsonian Institution and be used by the Board to carry out the purposes of Public Law 357, approved March 28, 1958, which provides for the transfer of the Civil Service Commission Building in the District of Columbia, to the Smithsonian Institution to house certain art collections, and for the acquisition of works of art to be housed in such building, except that such funds or property may be vested in an organization designated by the donor at the time of making the donation, if a contribution to such organization is tax deductible under the internal revenue laws.

Public Law 100, 88th Congress (77 Stat. 128), approved August 19, 1963, authorized an increase in the number of general Trustees appointed by the President from 15 to 30, to hold office as a member of the Board for a term of 10 years. The terms of any members appointed prior to the date of approval of the act would expire as designated by the President at the time of appointment; and the terms of the first 15 members appointed under the provisions of the act would expire at staggered intervals, three on each of the dates September 1, 1964, 1966, 1968, 1970, and 1972. The act also increased the membership of the Board constituting a quorum required for the transaction of business from 8 to 12. The authorized period for the Trustees to solicit funds for construction of the National Cultural Center was extended for a period of 3 years, until September 2, 1966, in order to give the Trustees additional time in which to complete their fund-raising campaign.

Public Law 88–260 renamed the National Cultural Center as the John F. Kennedy Center for the Performing Arts, in honor of the late President of the United States, John Fitzgerald Kennedy; directed the Board to provide within such Center a suitable memorial in his honor; authorized appropriations in an aggregate amount equal to the gifts, bequests, and devises held by the Board of Trustees, but not in excess of $15,500,000; provided borrowing authority by issuance of revenue bonds in an amount not to exceed $15,400,000 to the Secretary of the Treasury to finance necessary parking facilities for the Center; authorized the Secretary of the Treasury to accept on behalf of the United States any gift in honor of or in the memory of the late President; and provided that the John F. Kennedy Center for the Performing Arts designated by this act shall be the sole national memorial to the late John Fitzgerald Kennedy within the city of Washington and its environs.

When the 88th Congress enacted Public Law 88–260 it intended that this memorial to the late John F. Kennedy would be built in the city of Washington for a total cost of $46.4 million. Based upon this $46.4 million estimate, the Board of Regents of the Smithsonian Institution, at its meeting on January 27, 1966, found that sufficient funds to construct the Center had been received by the Trustees of the John F. Kennedy Center for the Performing Arts and construction was initiated.

PRESENT PHYSICAL CONDITION OF KENNEDY CENTER

The overall construction of the Kennedy Center is more than 50 percent complete. The exterior marble panels have been erected on the three exterior walls of the concert hall, completely enclosing the southernmost third of the building. The exterior marble has also been erected on the river side of the opera. It is planned to complete the exterior marble panels for the entire building by the fall of this year.

Concrete work has been completed in the concert hall area, in practically all of the garage area, and is well underway in the opera. Unfortunately, a carpenters' strike commenced on the first day of May, and this stopped all further work of pouring concrete. About 30 percent of the total concrete remains to be put in place.

A large amount of masonry, plumbing, air conditioning, elevator, and electrical work has been accomplished. The concert hall, the hall of nations, the grand foyer, the river terrace, and the entrance plaza are all taking shape and their ultimate appearance, insofar as form is concerned, can be readily visualized.

Major work still to be contracted includes tile, terrazzo, wood floors, interior glass, approaches, landscaping, interior painting, and the finishing of administrative and rehearsal spaces. A program for procurement of all furnishings, furniture, landscaping, and sound equipment will have to be initiated in the immediate future in order to be coordinated with the completion of the building.

FINANCING PROBLEMS INVOLVED WITH CONSTRUCTION

The Board of Trustees of the John F. Kennedy Center arranged with General Services Administration to act as design and construction agents for the Center and this responsibility presently rests with the Public Buildings Service of the General Services Administration.

The architect was first retained by the Trustees in June 1959 for preliminary site investigation. Throughout 1959, 1960, and 1961 he was periodically asked to do design studies, planning studies, and investigation work which led, by September 1962, to outline plans which established the seating capacities of the auditoriums at approximately their current size, 2,759 in the symphony hall, 2,317 in the opera, and 1,142 in the Eisenhower theater, and 505 in the film theater.

The contacts and consultation with GSA beginning in 1963 led to their involvement in 1963–64 in discussions with the architect on design matters and on details of a definitive professional services contract. Two important documents were executed in July–August 1964; (*a*) an agreement between the Trustees and GSA under which the latter would become agent for the Trustees in supervising design and construction and (*b*) a professional services design contract with the architect.

The milestone dates in development of the drawings and specifications are as follows: Program development, 1962–63; preliminary drawings, November 1963; tentative drawings, October 1964; intermediate drawings, February 1965; final drawings, November 1965; program review and changes, February 1966; revised finals, July 1966; and completed working drawings, September 1966.

Although it is usual practice of GSA to award construction contracts on a lump-sum basis after open competitive bidding, and it was earlier intended to so award the Kennedy Center contract, there are projects where exceptions are necessary and allowable under procurement regulations and the Federal Property and Administrative Services Act of 1949. The Kennedy Center is such a project. Among its distinctive features is the fact that it has received approximately $3 million in gifts of equipment, materials, and fittings; many have been received since construction started; others may still be received. It is easier to allow for such gifts in a cost-plus-fixed-fee contract with competition as to the fee amount.

The reasons for the almost inexorable growth of the project cost and the resultant need for additional funding are not clean cut and unanimously agreed upon. Some of the increase is due to error on the part of the General Services Administration and on the part of the architect. Some is due to changes in the program of requirements after work had started. Some is due to inefficient sequencing of subcontract awards. Some is due to strikes and other acts beyond anyone's control. And some—a sizable amount—is due to the meteoric rise in construction costs.

Between the month of January 1964, when the Congress accepted an estimate of $46.4 million, and January 1969, the cost of building construction increased almost 30 percent. Thus, up to $14 million of the increase could be charged to cost escalation. However, since some of the work was accomplished before this total increase was experienced, it is estimated conservatively that about $9 million of the increase is due solely to escalation.

Careful control of the timing of subcontract awards to avoid overcommitment of funds has probably added about $1.5 million to the cost of the work. Not all awards could be made when prudent construction practice dictated.

There has been $1.2 million added to the cost of work by approved change orders. Most of these were due to job conditions, though about one-third of the amount is due to changes made by the trustees and about $200,000 by design corrections.

Acts such as a strike of longshoremen which prevented timely receipt of marble from Italy and the advent of jet aircraft at Washington National Airport added to the

cost. The latter increased costs of glazing and insulation of the Center so as to insure jet noise attenuation. These sorts of problems added $0.6 million.

The remainder of the $15.8 million increase in cost since January 1964 is due to underestimating. This has principally involved structural steel and concrete form work. The tonnage of structural steel was underestimated by about one-third. The cost of concrete form work, although still not final, apparently will run about 20 percent over the original budget estimate. There have been, of course, other minor budget adjustments, some up, some down, but the total effect of estimating inaccuracies amounts to about $3.5 million, or about 5½ percent of the budget cost; $2.7 million of this is due to structural steel alone.

The General Services Administration now estimates that the total cost of the building and parking facility will be approximately $66,200,000.

COMMITTEE VIEWS

In reporting H.R. 11249 the committee recognizes the need for completing the construction of the John F. Kennedy Center at the earliest possible date. To interrupt construction of the facility at this time would jeopardize the $15,500,000 which the Federal Government has already invested in the project, would deny the use of this long desired cultural center to the many people who visit and live in the Nation's Capital, and would probably cost an additional $10 million to complete at a later date. However, the committee wants it clearly understood that the Center must be completed within the proposed cost of $66,400,000 and if, by any chance, this figure has been underestimated any additional funds required must be raised by the Board of Trustees through private subscription. The need to complete the Center is urgent and the committee recommends the enactment of H.R. 11249.

COST

This legislation authorizes the appropriation of an additional $7,500,000 for construction of the Center and authorizes borrowing authority from the U.S. Treasury for an additional $5 million for the parking facility.

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

Mr. MANSFIELD. I yield.

Mr. ELLENDER. Mr. President, as I recall, this building is to be constructed on a 50–50 basis; that is, the Government would put up 50 percent and the public would put up 50 percent. Is that correct?

Mr. MANSFIELD. The Senator is correct.

Mr. ELLENDER. Will the additional amount the Senator now refers to be covered by subscription?

Mr. MANSFIELD. Yes.

Mr. ELLENDER. The subscriptions would come from the public?

Mr. MANSFIELD. Yes. The Senator is correct.

Mr. ELLENDER. What about the loan to which the Senator referred? I notice there is a clause that refers to borrowing.

Mr. MANSFIELD. Yes. The reason, as I understand it, is that they have to dip into other funds and pay an extremely high rate of interest; and even on that basis they will not be able to continue for too long. Therefore, they are asking for help of this nature at this time so that the work can continue.

Mr. ELLENDER. I notice that quite a lot of money is being spent for space to park cars. Is that extra money, or was it included in the original program?

Mr. MANSFIELD. It was included in the original program; this aspect is supposed to be self-liquidating.

Mr. ELLENDER. I further understood that this entire program would be self-liquidating. Is that the contention of the Senator from Montana?

Mr. MANSFIELD. No. As I understand it only the parking facilities would be self-liquidating.

Mr. ELLENDER. How about the management of the building after it is completed. Have we any evidence to show that it will be self-sustaining in that respect?

Mr. MANSFIELD. It is anticipated that that will be the case. I wish there were someone from the committee present in the Chamber to supply more detail to the distinguished Senator.

Mr. ELLENDER. We have a similar situation with the RFK Stadium.

Mr. MANSFIELD. I have an idea that the cultural center, which incidentally was started under the Eisenhower administration, will be built in a much more solvent manner than the stadium.

Mr. ELLENDER. I presume so; and also in its maintenance and operation. When we furnished money to build the stadium, we were told it would be self-sustaining, but up to now I understand they have not earned enough to pay the interest on the bonds which were issued against the backing of the U.S. Treasury. We are forced to appropriate almost $1 million annually so that the District of Columbia can meet the interest payments.

Mr. MANSFIELD. As I understand the proposal, only the parking facilities will be self-liquidating and the other facilities will have to be taken care of in some other manner. I assume a proposal will be made to bring in some revenue to help alleviate that problem, at least to some extent, if necessary.

Mr. ELLENDER. I had gathered the impression that it would be self-liquidating. I hope it works out that way. The bonds issued to finance the construction of RFK Memorial Stadium fall due in 1980. As it looks now, the Treasury will be forced to make good their redemption.

Mr. MANSFIELD. I hope so, too.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. BYRD of Virginia. Mr. President, I was impressed with the comments made by the distinguished senior Senator from Louisiana (Mr. ELLENDER) in regard to the possible cost of this cultural center.

I want to say that I favor a national cultural center located in the city of Washington. I have been a supporter of this project and I want this Capital City of our country to have a national cultural center.

I am concerned in regard to the cost of this new center. The distinguished majority leader pointed out that it is not possible today for members of the committee handling this matter to be in the Chamber at this time.

I think there are many facts that must be brought out so that the Senate can fully understand just what the ultimate cost will be. I wish to say to the Senator from Montana that since it is impossible for members of the committee to be here at this time——

Mr. MANSFIELD. There are members here, but they are engaged in official business.

Mr. BYRD of Virginia. They are engaged in official business. The Senator is correct. We have so many matters going on in connection with the Senate that it is not possible for them to be in the Chamber at this time. It is also the middle of Friday afternoon. I wonder if the distinguished majority leader would be willing to make this legislation the first order of business when the Senate convenes on Monday.

Mr. MANSFIELD. I think that is a reasonable request. I think it can be worked out if the Senator from Virginia will trust the Senator from Montana to make arrangements along that line. The position is well taken and it would give the Senator and others more time in connection with the matter.

Mr. BYRD of Virginia. I thank the Senator.

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

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. Mr. President, do I understand by that that the majority leader will seek a unanimous-consent agreement to vote at a certain time on Monday?

Mr. MANSFIELD. That is the Senator's intention and I shall do so if there is no objection.

Mr. FULBRIGHT. I do not object. I will be pleased to agree to such a request.

AMENDMENT NO. 223

Mrs. SMITH of Maine. Mr. President, I send an amendment to the desk on behalf of myself and the Senator from Arizona (Mr. GOLDWATER), and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The BILL CLERK. The Senator from Maine (Mrs. SMITH) proposes an amendment, at the end of the bill insert the following new section:

SEC. 2. (a) No part of the increased amount of funds authorized to be appropriated by subsection (a) of the first section may be expended, and no part of the increase in the authority to borrow from the Treasury under subsection (b) of such section may be used, until after the Comptroller General of the United States (1) has completed a comprehensive investigation of the past and projected costs of constructing the John F. Kennedy Center for the Performing Arts and its parking facilities, and (2) has submitted a report, together with his recommendations, of such investigation to the Congress,

(b) The Comptroller General shall submit his report to the Congress not later than sixty days after the date of enactment of this Act.

Mrs. SMITH of Maine. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mrs. SMITH of Maine. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mrs. SMITH of Maine. Mr. President,

I ask for the yeas and nays on my amendment.

Mr. ALLEN. Mr. President, will the able and gracious Senator from Maine yield to me for just a moment?

Mrs. SMITH of Maine. I yield.

Mr. ALLEN. If the Senator will withhold asking for the yeas an nays on her amendment for a moment, I should like, in all likelihood, to ask the distinguished senior Senator from Maine if she will accept a modification of her amendment on Monday. As I understand the parliamentary procedure, if the yeas and nays are ordered, I would not be able to make that request.

Mr. WILLIAMS of Delaware. That can be done by unanimous consent.

The PRESIDING OFFICER. That is correct; only through unanimous consent.

Mrs. SMITH of Maine. If the modification is in order, I would be glad to accept it. I should like to read it first. Will the Senator offer it now?

Mr. ALLEN. I am ready to do that now, yes; and then the Senator can ask for the yeas and nays.

Mr. President, I send to the desk a modification of the amendment offered by the Senator from Maine, and I ask that it be stated.

The PRESIDING OFFICER. The modification will be stated.

The BILL CLERK. The Senator from Alabama proposes a modification to amendment No. 204, by deleting the period at the end of section 2(a) and adding a comma in lieu thereof and by adding thereafter the following: "and (3) such report states that the Center and parking facilities can be completed as provided by the plans and specifications with the funds made available by this Act together with other funds or materials in the possession of the trustees."

Mrs. SMITH of Maine. Mr. President, I am pleased to accept the modification.

I now ask for the yeas and nays on my amendment as modified.

The PRESIDING OFFICER. The amendment of the Senator from Maine is modified as requested.

Is there a sufficient second for the yeas and nays?

The yeas and nays were ordered.

Mrs. SMITH of Maine. Mr. President, I want to call the attention of the Members of the Senate and the attention of the American people—especially the American taxpayers—to the scandalous record in this case, in which it was originally promised that no request for Government funds would be made for this project.

In 1963, when Congress was considering the John F. Kennedy Center Act, the total estimated cost of the project was $46,400,000. According to the Senate Public Works Committee Report No. 91-327, the current "proposed" cost is $66,400,000 or 43.1 percent higher than the 1963 estimate—$20 million higher.

The reasons for this huge growth, the report states, "are not clean cut or unanimously agreed upon." Error is attributed to the General Services Administration and the architect. Other factors cited are increased building costs of about $9 million, change orders of $1.2 million, a strike of longshoremen preventing timely receipt of marble from Italy, and something euphemistically described as "underestimating" to the amount of $15.8 million.

For example, the amount of structural steel needed was underestimated by one-third for an added cost of $2.7 million. When compared to the proposed 1963 cost of $46,400,000, underestimating alone amounts to 34.05 percent.

On August 19, 1963, President Kennedy signed into law a 3-year extension of the National Cultural Center Act to give the trustees more time to raise funds. In a memorandum to heads of executive departments at that time, President Kennedy remarked:

> To secure the necessary funds to build the center, which will be a $30 million structure of theater and concert halls, a nationwide fund-raising program was authorized through which the American people are given an opportunity to demonstrate their voluntary support for the creation of this type of national institution.

Taking President Kennedy's cost figure of $30 million, the current proposed cost of $66,400,000 is $36.4 million higher or a shocking 121.3 percent higher. Similarly, underestimating in the amount of $15.8 million alone amounts to 52.66 percent of President Kennedy's cost figure.

Another aspect of this matter might be termed cost overrun to the American taxpayer. When President Kennedy signed the 3-year extension, all of the proposed $30 million construction cost was to have been borne by private subscription.

The John F. Kennedy Center Act of 1963 authorized to be appropriated $15,500,000 in tax money for construction on the condition that this sum would be matched by private donations. This year, H.R. 11249 increases the construction authorization to $23 million. Here the increase amounts to $7.5 million, resulting in what might be termed a cost overrun to the American taxpayer of 48.3 percent.

The form and purpose of the amendment I have proposed is similar to amendments offered to the defense procurement bill that the Senate recently debated at length for 2 months.

However, it does differ in one important respect in that it does not propose to have the Comptroller General and the Government Accounting Office become a substitute evaluator on a subject on which they are without appropriate knowledge and experience.

Like the revised Mondale-Case amendment on the nuclear carrier—the revised version that scaled down the original 14 proposed points of evaluation by the Comptroller General on the nuclear carrier down to only two points of evaluation, and those two points being limited to cost determinations—this amendment is limited to cost determinations.

This amendment proposes that the Comptroller General make an investigation and report on costs of the John F. Kennedy Center for the Performing Arts. It does not propose that he make any evaluation in the field of the performing arts.

It is similar in purpose to amendment No. 108, offered by Senator PROXMIRE to the defense procurement bill and which related to the cost overruns on the C-5A aircraft.

This amendment is concerned with the cost overruns on the Kennedy Center and the mounting cost to the taxpayers on a project Congress was originally promised would be financed by private contributions and funding and at no cost to the Federal Government and the taxpayers.

The expenditures on the Kennedy Center of taxpayers' funds represents percentagewise on cost overruns one of the greatest fiscal disasters in the history of Federal expenditures. The purpose of my amendment is to make the best of a bad situation, to suspend pouring good money after bad, to permit an investigation of past and projected costs.

There is some semblance of the past referred-to-concept of the 'buy in" in that original legislation on this subject began with the very firm representations and promises that no Federal financing at taxpayers' expense would be entailed. Those promises have been broken.

It is a situation in which the target cost has been greatly exceeded.

It is a situation in which the original promises have been broken.

It is a situation in which the current proposed cost of $66,400,000 is $36,400,000 higher or 121.3 percent higher than the cost figure set by the late President Kennedy in a statement he made on August 19, 1963, when he said the Center would obtain funds through a nationwide fund-raising program through which the American people would be given an opportunity to demonstrate their voluntary support.

The Federal Government investment in this matter continues to grow despite the original promise that there would be no Federal Government investment in it and that it would not be be at cost to the taxpayers.

It is a situation in which there appears to be a "reverse incentive" in view of the tolerance of indicated excessive costs and inefficiencies.

It is a situation in which there is already disturbing delay.

It is a situation in which there have been grave errors and gaps on specifications.

What all this adds up to, in my judgment, is that the Congress must call a halt to these shenanigans on this Center. The Kennedy Center case symbolizes some of the worst aspects of procurement management that has utterly failed to do a good job. From reading the hearings I think that we can expect the Center people to come back at a later date and ask for even more money for the Center.

The American people deserve a better accounting of their tax money with respect to the Kennedy Center for the Performing Arts than we can now give. My amendment will at least place the Congress in a position of knowing what the real requirements for the Kennedy Center are and the justification for them and for spending more taxpayer dollars on this project on which it was origi-

nally represented that no taxpayer dollars would be spent. The amendment asks the General Accounting Office for an investigation of the facts and to submit its findings with recommendations to the Congress within 60 days.

Clearly it is not unreasonable to refuse to authorize any additional Kennedy Center funds until we know more about this program. I believe we ought to know what the projected costs are as well as the past costs so that we can anticipate repeated requests in each year for more funds from the Kennedy Center people. I therefore urge the adoption of the amendment.

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

Mrs. SMITH of Maine. I yield.

Mr. GOLDWATER. I am very happy the Senator from Maine has spoken as she has. It is typical of her, with her honesty and her dedication to the duties of this body. I am very happy to have joined in the amendment that has been offered to this particular piece of legislation.

I can recall during the extended debate on the military authorization bill that we heard a lot about overruns. If I remember correctly, the Senate at one time debated an amendment that would send a particular weapon—I think it was the tank—back to the GAO for study. I remarked at the time that the GAO was not equipped to study deployment or strategy or tactics. Now we have an excellent opportunity to test the principle of referring the matter to the GAO, because this is entirely within their field.

Does the Senator agree?

Mrs. SMITH of Maine. The Senator is correct.

Mr. GOLDWATER. I know the cost of building is going up. I know it is going up faster than any other cost. I know they have been beset by a carpenters' strike, by poor design, and, I am convinced, poor bidding and poor planning; but now we are asked to give $23 million instead of $15.5 million and to strike out $15.4 million and substitute in lieu thereof $20.4 million, to increase the authority to borrow from the U.S. Treasury. This is another $5 million.

But the thing that concerns me is that in the very short time that the bill has been under consideration, the cost has gone from $46.4 million to $66.2 million. I think the Senator used these figures when she presented the amendment. But am I correct in remembering that this is an overrun of about 43.1 percent?

Mrs. SMITH of Maine. The Senator is correct.

Mr. GOLDWATER. If I remember correctly, the overrun on the C–5A amounted to 40 percent.

Mrs. SMITH of Maine. As I recall.

Mr. GOLDWATER. I see no reason in the world, Mr. President, why this amendment should not be adopted before we further consider this bill. I do not want to be put in the position of a person who wants to stop the development of the Kennedy Center. I think the community is badly in need of such a center. But I think before we bite off any more, we had better know how big the bite is. The way it has been increasing, we could very easily wind up with a $100 million bill. I am not sure we need it that badly.

I think the amendment offered by the Senator from Maine, which I cosponsored, to which I understand there has been a subsequent modification and to which the Senator from Maine has agreed—and to which I certainly would agree—that we have a GAO study of this project made in depth, is reasonable and proper. That is not a difficult thing to do. Business goes through this sort of process day after day, in view of increasing costs. For example, we are in the process of building a new building in Arizona. The estimated cost has already gone up, and we have not even put together all of the money. I can understand that. But we turned the problem over to accountants, to tell us where we can save money, and what we can expect in the future if we do not go ahead with it now, or what we might do to put it off and eventually save money.

I think the Senator from Maine is eminently correct in asking that the passage of this bill be held back until we all have time to understand it. This is not in opposition to the John F. Kennedy Center for the Cultural Arts. That is just one item. I think we ought to have a study of everything that involves cost overruns. If it was such a good idea for military authorization—and I have to agree that it certainly made sense in some instances, though not all the time—we ought to have it on every bill that goes through here.

I again compliment my distinguished colleague, the Senator from Maine, for doing a very fine job.

Mrs. SMITH of Maine. Mr. President, I express my appreciation to the Senator from Arizona. I am sure that, with his legislative and military experience and his recent experience with overruns, few Senators could speak more authoritatively.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mrs. SMITH of Maine. I yield.

Mr. WILLIAMS of Delaware. I join the Senator from Arizona in paying respects to the Senator from Maine. I agree that a study by the General Accounting Office, particularly in this case, is fully justified.

I am sure one point which could be closely examined by the General Accounting Office is the matter of underestimating the requirements for structural steel in the amount of about $2.7 million. This accounts for some of the overrun. I can understand the escalation in the costs as a result of inflation. Perhaps they were unable to take all that item fully into consideration, but I am at a loss to understand how any architect or designer can underestimate the tonnage amount of steel that will be required for a building of certain specifications by any such amount as that.

I am particularly disturbed in that, as I understand, there has been no change in personnel, but the same group of supervisors are involved on this proposal. A question has been raised as to whether or not someone could be held liable for such a gross error in underestimating the tonnage of structural steel.

Surely this is a point the Comptroller General should report back to Congress on, showing not only the reasons for the overrun but also what has happened in the past. Let us fix some responsibility on those who made this indefensible error in the original estimate.

I again compliment the Senator from Maine. I hope her amendment will be overwhelmingly agreed to.

Mrs. SMITH of Maine. Mr. President, I express my appreciation and thanks to the distinguished Senator from Delaware for being so helpful, as he always is in matters involving costs and expenditures.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mrs. SMITH of Maine. I am happy to yield to the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, I concur in the amendment offered by the distinguished senior Senator from Maine. It seems to me it is a very appropriate amendment. It merely seeks information as to what will be the contemplated ultimate cost of this new Cultural Center.

The Senator from Maine pointed out that in 1963 it was estimated that it would cost $30 million, and that all of those funds would be obtained from private sources. Since that time, the cost has increased to $66 million, according to my recollection, and a great amount of that will have been from public funds, assuming this proposal for additional funds is approved.

I think it is very appropriate that the amendment offered by the distinguished Senator from Maine be approved. The Senator from Arizona mentioned cost overruns in the military field. I was one of the Senators who were very critical of the cost overruns on the C–5A. By the same token, I want to examine very carefully the cost overruns in other phases of Government. This National Cultural Center is one project where there have been very substantial increases in costs, and before the Government proceeds further, it seems to me we should have more information as to how much, in the end, this new Cultural Center will cost the taxpayers of the United States.

I speak as one who favors a national cultural center, located here in the city of Washington. I want to see a cultural center built here, and I want to see it completed. But I do want to know, insofar as the use of tax money is concerned, what it will cost the taxpayers.

I think we must bear in mind also that this request for additional funds comes at a time when we are heavily involved in a steadily increasing inflationary spiral, which is hitting very hard the wage earners and the taxpayers throughout our Nation.

So when the roll is called on the amendment offered by the distinguished Senator from Maine, I shall vote in the affirmative.

Mrs. SMITH of Maine. I thank my distinguished colleague, the Senator from Virginia, and I am grateful for his support.

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

Mrs. SMITH of Maine. I yield.

Mr. ALLOTT. I join my colleagues in thanking the Senator from Maine for bringing this matter to the attention of the Senate.

I do not know why it seems to be true that in private business, people can enter into contracts for the construction of buildings and get performance without cost overruns, when the Government cannot. I am reminded of the cost overruns, for example, on the building of the New Senate Office Building, and the shameful cost overruns on the building of the Rayburn House Office Building. I am reminded also that for some 5 years, I called to the attention of the Senate the fantastic escalation in the cost of Project Mohole, which started out as a $15 million to $20 million research project, and when finally Congress awoke to the situation and called a halt to it, it had already reached the sum of $127 million and was jumping month by month.

Fortunately, we got that project closed out, and it cost the Government only $35 million for the foolishness of the people involved in it.

I do not accept the proposition that, because the people are dealing with a board here, or a government, these building and construction projects cannot be completed upon a contract basis. There is not a corporation or a good businessman in this country who would not, in making a contract, see that the contract was enforceable, and that it would be completed by a certain time.

I am not opposed to the cultural center as such, either. But it is, in its present condition, an eyesore of the worst possible kind. In fact, the situation that exists down there is a shame for this city and for the entire country.

What the Senator from Maine has here so valuably brought to the attention of the Senate is directly in line with the work that Congress created the General Accounting Office to do. It is directly in their line to go into the accounting for costs, and the waste or the shortcomings in contracts that permit such a shameful situation to exist.

I support the Senator's amendment, of course, and I hope that not only will it help straighten out this matter, but, most important, that the Senators' amendment will at least result in bringing some of the Government officials to the place that they can write a contract and get performance on that contract when we construct public buildings because the overrun on some of these—and I have referred only to two, three, or four that have occurred to me—are, I think, frightful and unconscionable as far as we are concerned as custodians and guardians of the taxpayers' money.

The Senator from Maine has done a very wonderful thing here. I hope this effort continues so that in future construction, not by a board, but by the Government, we will look at the matter as hard as we can and see that the contracts are firm.

As I understood the statement of the Senator, this was originally to have been built at no expense to the Government.

Mrs. SMITH of Maine. The Senator is correct, except that the land was to be provided.

Mr. ALLOTT. As the Senator so well points out—and I am sure, having watched these things myself—$66 million will probably not be the limit of the expenditure for this purpose at all. I think we would be providing, if Congress were to vote for this measure, for a stopgap.

Perhaps if the Comptroller General gets into the matter, we will at least provide a limit on the amount that will be spent on this matter.

I thank the Senator.

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

Mrs. SMITH of Maine. I yield.

Mr. GOLDWATER. On the question of the building being constructed with private contributions, I remind the Senate that in 1963 then President Kennedy expressed his desire that the Center be paid for entirely out of private donations and moneys. He was aware at that time this would be a meaningful expression of the heartfelt sentiments of people across the land.

In a memorandum to the heads of the executive departments and agencies, he said:

> To secure the necessary funds to build the center, which will be a $30 million structure of theater and concert halls, a nationwide fund-raising program was authorized through which the American people are given an opportunity to demonstrate their voluntary support for the creation of this type of national institution.

Mr. ALLOTT. I thank the Senator very much. That was my information.

Mrs. SMITH of Maine. Mr. President, I thank the distinguished and able senior Senator from Colorado (Mr. ALLOTT) for his very generous and worthwhile contribution to the discussion. I also thank the able and distinguished Senator from Arizona (Mr. GOLDWATER) for joining me in proposing the amendment.

Mr. COOPER. Mr. President, I am not the chairman of the Public Works Committee, and I am not the Senator in charge of the bill. Both are unavoidably absent on business of the Senate. However, I am a member of the Committee on Public Works. I desire to make a statement concerning the action of the committee in considering and reporting the bill.

In doing so, I point out to the distinguished Senator from Maine that, as she knows, I have the highest respect for her. I cannot contradict any of the facts she has given.

I will review briefly the history of the cultural center.

The facts have been correctly stated by the Senator from Maine and by the Senator from Arizona. In 1958 President Eisenhower signed the act creating the National Cultural Center. That was to be its name. It is correct that it was to be paid for by private contributions.

The act authorized a board of trustees of 30 members to administer the funds and develop the Center.

After the untimely and tragic death of President Kennedy, resolutions were introduced in the Congress proposing that the name of the center be the John F. Kennedy Center for the Performing Arts.

We remember the sadness of the people of our country and the desire to create an appropriate memorial for President Kennedy. It was thought by many that the construction of the center would be an appropriate memorial, considering his interest in this city and in the arts.

I was present as the ranking minority member of the Senate Committee on Public Works at a joint hearing of the Senate and House Committees on Public Works. It was decided to name the center for President John F. Kennedy.

It was then agreed that the construction be financed in this manner: Congress would appropriate $15,500,000 to be matched by gifts to be received by the Board of Trustees. The total would amount to $31 million.

Congress also authorized the trustees to borrow $15,400,000. Appropriation by the Congress, gifts and loans provided $46,400,000 which it was estimated at that time, would cover the total construction of the center.

As I recall the measure was passed unanimously by both Houses, and signed by President Johnson.

The Board of Trustees constituted the General Services Administration its agent for the construction of the building. The General Services Administration and I assume, with the agreement of the Board, secured as the architect for the center Edward Durell Stone, a very distinguished architect. Gifts were received, and work was commenced.

During this session the Board of Trustees came to the Public Works Committee and reported that the estimated cost had increased from $46,400,000 to $66,400,000. They asked Congress to authorize increased appropriations of $7,500,000, to be matched by gifts, and an additional borrowing authorization of $5 million.

If this is done, the breakdown of the $66.4 million would be as follows. $23 million appropriated by Congress, matched by $23 million in gifts, and loan authority of $20.4 million. These three categories would total $66.4 million.

We asked for an explanation of the cause of the overruns. The report indicates the answers we received from the General Services Administration and the trustees.

I must say that they were quite frank in their answers, these statements correspond with the statements of the Senator from Maine and the Senator from Arizona, and the Senator from Colorado, Senator ALLOTT.

The evidence admitted a cost overrun of at least—I forget the exact percentage, but as I recall—30 percent. It could be larger.

Mrs. SMITH of Maine. Forty-three percent.

Mr. COOPER. The Senator is correct. The overruns were explained, as shown in the report. Thirty percent was charged to inflation, a $14 million increase; $1.5 million was charged to the fact that with the lack of assurance of enough money available to let one contract or large contracts at one time, they were required to let contracts for particular work over a period of time, causing the estimates to increase by $1.5 million.

An additional cost of $1.2 million was chargeable to changes in design.

A cost of $600,000 attributed to a

strike. Unable to secure the materials, the contractors could not proceed with construction.

It was admitted, without hesitation, that the remainder of the $15.8 million increased cost was a result of underestimating. This was attributed to certain prices and amounts of steel and concrete upon which errors were made, and as I have noted the fact that, being unable to let a contract for the center or substantial parts, they were forced to let a number of contracts.

That was the situation the committee faced. We considered the situation in this way: First, the building is 50 percent constructed, according to the evidence. Second, the completion of the building rests not alone upon the appropriations by Congress, but also upon matching gifts, and if the construction is halted, the ability to secure gifts diminishes. Third—and this could be said about any contract, so I do not argue it particularly—the cost will be increased if it is delayed. We made the decision that it was proper to authorize an additional $7.5 million in appropriations, to be matched, and borrowing authority of $5 million.

So far as I am concerned, I have no objection to the General Accounting Office being instructed to report to the Congress, but the GSA is the agent; and it will continue, I assume, with the construction of this project.

It is upon these grounds that we decided to authorize funds and that there should be no halt in construction. Also—I will be perfectly frank—the center is a memorial to the late President Kennedy and that has bearing, without question.

After President John F. Kennedy's death, the American people were moved to designate memorials to him throughout the United States, as people did throughout the world. Knowing him as many of us did who served with him, I am certain that he would not have been happy that all the memorials should be named for him. He was a confident but modest man, a man of great humor, who laughed at himself. But the center was chosen to be a national institution appropriate for his memorial. In addition to the other reasons I have given this afternoon, we were moved by the desire to see this memorial to John F. Kennedy completed as quickly as possible. I appreciate the statement of the Senator from Maine. I do not object to the GAO study, but the bill should be passed now and construction go forward.

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

Mr. COOPER. I yield.

Mr. ALLOTT. Mr. President, I agree with many things the Senator has said. It is a memorial to our late President now. Of course, at the time it was started it was not a memorial; it was a national cultural center. I am sure that if President Kennedy were here, he would be as chagrined at the situation as any of the rest of us.

But I think we are particularly indebted to, and I want to express my thanks to, the distinguished Senator from Kentucky for the discourse upon this matter for being the one member of the Committee on Public Works on the floor to explain it to us, and we are very grateful to him. I also think we are indebted to the Senator from Maine for her brilliant speech.

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

Mr. COOPER. I yield.

Mr. FULBRIGHT. Mr. President, I wish to join the Senator from Kentucky in saying a few words about this matter. He has correctly stated—I will not repeat all the basic facts—that this matter did begin back in the administration of President Eisenhower. As a matter of fact, I introduced the original bill which authorized the dedication of certain lands belonging to the Government for this purpose—that is, the purpose of a Center for the Performing Arts.

At that time, as a result of a number of hearings in the Committee on Foreign Relations and elsewhere, it became quite evident that Washington was the only capital of any nation of any consequence without adequate facilities for the performing arts. When the foreign operas or ballets came to Washington, they had nothing but movie houses in which to perform, and, of course, those buildings were utterly inadequate for the purpose; and there was general interest in the establishment of a center that was adequate for the performing arts.

I do not want to leave the impression that the bill I introduced was the first one. Actually, prior to that time, under the leadership, I believe, of Mrs. Agnes Meyer, who was and still is the principal owner—she and her family—of the Washington Post and other properties, an effort was made to get the land which was at that time covered by a brewery which is near the present site; and an effort had been made to interest the Government and other people in trying to find a way to provide a reasonably adequate building for the performing arts. I have forgotten the details as to why, in any case this effort was abandoned. The thought then arose that if the Government would provide the land, which it already owned—most of it, at least—perhaps private people could put up some of the money for the building.

As the Senator from Maine has correctly said, that was the original concept. There was no idea at that time of how large the project would be. I do not recall that any estimates were made. It was simply to try to get underway some movement to provide some kind of facilities for this purpose.

A Mr. Strong, who was a very prominent local man, with substantial means, became the angel of it in the beginning and virtually kept the movement alive with his private funds. I forget the amount, but he donated several hundred thousand dollars to getting the organization and getting personnel and getting estimates and laying the plans for this. There were substantial amounts of funds, but not nearly enough to build a building.

Between that time and the assassination of President Kennedy, something in the neighborhood of $5 to $7 million had been raised or pledged. Mr. Strong, who was a prominent citizen, had been the largest donor of those funds.

Then, President Kennedy was assassinated. Incidentlly, he had taken a very special interest in this activity. He and his wife were both inclined to an interest in this type of activity. There were many other people also. I do not think they were alone. They had given it a boost and they talked about it. There were plans during that period for mounting a nationwide campaign to raise funds for this particular project.

I am reminded that in a country like Australia a somewhat similar project has been underway for 10 years. They have a beautiful opera house underway on the bay at the city of Sydney. They had a worldwide competition for design. It is near completion. They started out with an estimated cost for the opera house of $10 million. I think they have already spent $57 million and it still is not quite completed. It was financed to a great extent by a special lottery and also, I think, through private gifts. Construction has proceeded from year to year; it has been suspended from time to time; and the building is now much more expensive than it had been estimated.

I do not wish to excuse the fact that there were some overestimates in this connection. I only wish to point out that the trustees, after enactment of the legislation already discussed—and I shall not repeat it—did employ the General Services Administration, which is the agency of Government charged with supervision of all Government buildings. That is the agency which supervises the letting of contracts and so forth. They supervise these great office buildings with which we are all familiar up and down the mall. The General Services Administration, and not the General Accounting Office, was employed to be the agent. In other words, they were the agent for the trustees in seeing that contracts were properly let and supervised and the money properly spent. I do not know how much more carefully one would expect the trustees to be because that would be the normal thing to do. If they had not done that and proceeded without the General Services Administration, they would be subject to criticism. They followed the procedure the Government follows in these large projects in this city and throughout the country in connection with post offices, and Federal buildings of all kinds.

The one substantial criticism, it seems to me, is the underestimate for steel. I do not understand that myself. I never have understood why a mistake of $2.7 million in structural steel occurred. All the other items that make up the deficiency it seems to me are more or less common at the present time.

To make comparisons between this so-called overrun of some $15 million with the $2 billion overrun on the C–5A seems to me to be without any real merit. The amounts involved in the C–5A are not comparable with this amount. This is an overrun attributable to the unprecedented inflation, to a great extent as a result of the war, which has happened to all kinds of construction at this time. It is not unique with regard to this project.

I think in all fairness the facts set

forth in the report of the Committee on Public Works makes it very clear that outside of that one item of $2.7 million, which I do not understand and for which there is no explanation other than that it was simply a mistake in the estimate of the amount of steel to be used, this is a technical matter that only the General Services Administration and/or the architect can explain. My guess is that it is simply a mistake in the estimate which will occur on matters of this kind.

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

Mr. FULBRIGHT. I yield.

Mr. CHURCH. Mr. President, I simply wish to compliment the distinguished Senator from Arkansas for the argument he is making in behalf of the bill.

A few months ago, it was my pleasure to visit Ottawa, where I traveled as a delegate to the parliamentary conference between the United States and Canada. The first evening of our visit we were the guests of the Canadian Parliamentarians at the new Center for Cultural Arts that has been constructed in the Canadian national capital. I must say that this is a perfectly beautiful center. It has greatly enriched the life of the city even as the Kennedy Center would add a whole new dimension to the life of the Capital.

I think we would make a grave mistake if we were not to continue the work on the Kennedy Center which is now so well advanced. I know the Senator shares those feelings and I want to express my full support for the position he has taken this afternoon in speaking up for the pending bill.

Mr. FULBRIGHT. I thank the Senator.

ORDER OF BUSINESS

Mr. FULBRIGHT. Mr. President, I yield to the Senator from Alabama (Mr. SPARKMAN) without losing my right to the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alabama.

VISIT TO THE SENATE BY A MEMBER OF THE CEYLON HOUSE OF REPRESENTATIVES

Mr. SPARKMAN. Mr. President, we have the pleasure of having a distinguished visitor with us today, a parliamentarian of high standing in his own country. I refer to the Finance Minister of Ceylon, the Honorable Ukku Banda Wanninayake. We are glad to have him here. He has been attending the World Bank and the International Monetary Fund. We are very pleased that he has come to Capitol Hill to visit with us briefly. I hope Senators may find time while the debate continues to go to the rear of the Chamber to greet our visitor.

[Applause, Senators rising.]

Mr. SPARKMAN. Mr. President, I ask unanimous consent to have printed in the RECORD a brief biographical note on our distinguished visitor.

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

THE HONORABLE UKKU BANDA WANNINAYAKE, M.P.

Mr. Wanninayake is a Member of the Ceylon House of Representatives and has been a Cabinet Minister in charge of the portfolio of Finance since 1965. He was Chairman of the Board of Governors of the International Bank for Reconstruction and Development and the International Monetary Fund in 1968.

THE JOHN F. KENNEDY CENTER

The Senate resumed the consideration of the bill (H.R. 11249) to amend the John F. Kennedy Center Act to authorize additional funds for such Center.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that I may yield to the Senator from Rhode Island (Mr. PELL) without losing my right to the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. PELL. Mr. President, I was fortunate enough to hear the words of the Senator from Kentucky and the Senator from Arkansas and rise to support them in their encouragement of the ongoing work of the John F. Kennedy Center.

Speaking on behalf of this work, I would not want it to be thought that there is any conflict of interest because my daughter worked there for several weeks this summer, but my interest in and support of the John F. Kennedy Center has been extant for some years, and I hope it will go on.

I regret as much as anyone the mistakes which have been made in the estimates in regard to the figures and the overruns. Living somewhat in the same neighborhood of the jet airplane noise, I know that that will increase expenses, as well as the other unpredictable events which have occurred.

To a great extent, I am sure we all agree that it would be a most inefficient Government if errors of this kind were not checked. But in this particular case, where we are going ahead with unknown quantities, I would think that the best procedure would be to move ahead.

I recognize that the thought to have another study made has merit, but being one of those who, in the past, have supported such proposals, I have found that when one usually supports them, and when someone is against the basic project, and in this case being for the project, I find myself opposing the amendment.

It seems to me that a city such as Washington is in real need of a center of this kind for the performing arts, one not like a retired movie theater or the DAR hall, so that we should move ahead at this time and complete the center.

I recognize that even when it is built, there can be some doubt whether performances will take place every day on each of its stages. There may be criticism that it is not fulfilling its original intent. But the time will come, not too long after its completion, when these stages will be filled and when there will be competition from the various troupes around the country to come to Washington and appear here.

Thus, in supporting the bill and opposing the amendment, I do so in the full knowledge that in the period immediately after the opening of the John F. Kennedy Center, there may be a bleak period when it will not be used to capacity. But, over the long haul, I am sure that it will be used to more than capacity, and that our successors in this Chamber and throughout the city of Washington will be very glad and very grateful to us in the years to come that we moved ahead at this time.

Mr. GOLDWATER. Mr. President, will the Senator from Montana yield to me for a question?

Mr. MANSFIELD. I yield.

Mr. GOLDWATER. I am wondering whether the distinguished majority leader can give us assurance on Monday next that there will be some members of the Committee on Public Works in the Chamber. I do not say this facetiously. I have a suggestion to make which I feel cannot be made without some members of the Committee on Public Works being in the Chamber on Monday in order to give me an answer.

Can the Senator from Montana fairly well guarantee attendance in the Chamber of members of that committee on Monday next?

Mr. MANSFIELD. Pretty well. If not 100 percent, very close to it.

Mr. GOLDWATER. I thank the Senator from Montana.

The suggestion I want to make is that we allow the GAO to review this and then give us an estimate of what the entire cost will be, so that we can change the appropriation to that amount so that we can assure the contractors that their currrent bids will be met.

Perhaps the Senator from Montana can mull that over and then on Monday I will ask that question of members of the Public Works Committee.

Mr. MANSFIELD. I shall be delighted to do that.

UNANIMOUS-CONSENT AGREEMENT

Mr. MANSFIELD. Mr. President, after consultation with the interested parties, including the acting minority leader, I should like to make the following unanimous-consent request:

I ask unanimous consent that at the conclusion of morning business on Monday next, 2 hours of debate be allowed on the pending Smith amendment, the time to be equally divided between the distinguished Senator from Maine (Mrs. SMITH) and the distinguished Senator from North Carolina (Mr. JORDAN), who will manage the bill; that on all other amendments, there be a 1-hour limitation, the time to be equally divided between the Senator in charge of the bill and the sponsor of the amendment; and that 1 hour be allowed on the bill as a whole.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. Mr. President, it goes without saying that if extra time is needed, it will be forthcoming.

The unanimous-consent agreement reduced to writing is as follows:

Ordered, That, effective on Monday, October 6, 1969, at the conclusion of routine morning business, during the further consideration of the bill H.R. 11249, John F. Kennedy Center bill, debated on any amendment except the pending amendment, as

modified, offered by the Senator from Maine (Mrs. Smith) on which debate shall be limited to 2 hours, to be equally divided and controlled by the Senator from Maine and the Senator from North Carolina (Mr. Jordan), shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the Senator from North Carolina (Mr. Jordan).

Ordered further, That on the question of the final passage of the said bill debate shall be liimted to 1 hour, to be equally divided and controlled, respectively, by the majority and minority leaders: Provided, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. HOLLAND. Mr. President, may I address a question to the distinguished majority leader who, I understand, is handling this bill?

Mr. MANSFIELD. Temporarily, yes. I yield.

Mr. HOLLAND. Would the 60-day delay, while this study is being made by the GAO and its report, delay or cause any stoppage in construction, or otherwise handicap completion of the building?

I think that every Senator wants to see the building completed. We are certainly committed to it. The Nation is also committed to it. The real question we will want answered is: Will this amendment cause any delay, in order to get a clearer picture of what the situation is, in construction of the building?

Mr. MANSFIELD. In my judgment, without question, it would delay construction. It would increase costs. It would make a difficult financial situation that much more difficult.

Mr. FULBRIGHT. Mr. President, could I comment on that same subject? I attended a meeting of the trustees, on Tuesday last. This question, of course, was brought up. I believe that I can say I am authorized to speak for them——

Mr. HOLLAND. Is the distinguished Senator one of the trustees?

Mr. FULBRIGHT. That is correct.

Mr. HOLLAND. Then he can certainly report on this question.

Mr. FULBRIGHT. That is correct.

The GSA, as I have already stated, is serving as agent for, as they say, the project by agreement with the trustees. The last time I heard, they have been paid some $500,000 or $600,000 for their services in overseeing the project. They are thoroughly familiar with it.

Unless a Senator has no confidence in the GSA, I do not know why it would be advantageous to bring the GAO in. They are both reputable organizations. The GSA is the special agency charged with supervision of Government buildings. They are already in here. They have estimated, I think it is fair to say, that if we stop construction of the building, meaning cancellation of existing contracts which would have to be suspended for 90 days, we could not have the employees, that is the carpenters, and so forth, lying around for 90 days.

Let me read from a memorandum—this was prepared, I may say, based upon the meeting on Tuesday:

When it became apparent to the Trustees that additional funds would be needed to complete the building, the alternative of stopping construction was investigated. The Center and the GSA were advised by the prime contractor and major subcontractors that adoption of these alternatives would add at least $10 million to the cost of the building, not including construction price rises in the interim. Adoption of the amendment, therefore, far from effecting any saving, would have the direct opposite result of adding to the cost.

That is the conclusion of the GSA. That was made this week.

The GSA, for better or worse, is the agency which is charged with supervision of it, from a business and architectural point of view. It is already engaged in the subject. It is the one that made the estimate which is contained in the report of the Public Works Committee as to the explanation of why this cost is above the estimate in 1964.

To me, it all makes perfect sense, except I do not understand the one item of why they were off on the structural steel—the amount of structural steel, not just the price. This is a puzzle to me. At the meeting I inquired why that was true. I confess I did not get a very good explanation. It was just a mistake, they said.

The other items are understandable and afflict all public buildings under construction nearly everywhere in the United States.

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

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. May I reinforce what the distinguished Senator from Arkansas has just said? The chairman of the Board of Trustees for the Kennedy Center, Roger L. Stevens, says he has only enough money to continue construction into the early part of October. If additional funds do not become available, it will be necessary to stop construction, which will be very costly.

Construction costs are going up at the rate of 10 percent a year.

Mr. FULBRIGHT. May I point out to the Senator from Florida one or two other aspects of this matter? I have in my hand a statement showing funds available for construction of the Kennedy Center as of September 15, 1969. It shows the total amount of private funds anticipated and available for construction to be $24 million-plus. Of that amount over $2,230,000 has been given by foreign governments. Furniture from Denmark, $155,000. Doors from Germany, $250,000. Marble from Italy, $1,132,000. Curtains from Japan, $140,000. Chandeliers from Norway, $180,000. Chandeliers from Ireland, $35,000. Chandeliers from Sweden, $120,000. An organ—it is not clear where from—$136,000.

Imagine the embarrassment to this country if we abandon the project and let it sit there for an indeterminate time pending this kind of reexamination. Then we will still have the problem of getting the money sometime, as was done on the construction of the Washington Monument, although I do not recall that foreign governments were requested to contribute, nor did they contribute, money for the construction of the Washington Monument. But it would seem to me a very unseemly thing, in view of the private contributions both by American citizens and foreign governments, to say we cannot proceed.

After all, $66 million is a large amount, but how much of that is a grant of Federal funds? $23 million. The appropriated funds are $23 million. It is not an unseemly sum for a country as large as this, when we consider there is absolutely nothing in this city that is usable for the purposes for which this Center is being constructed. It is the only country, as I have said, with a capital city that does not have some form of center for the performing arts. One of the most famous is in Moscow. They are also found in Paris and London and Italy.

It is true, perhaps, that we do not have to emphasize the arts as much as they do, but, surely, we ought to give some attention, as a community, to the performing arts; and I think $23 million of appropriated funds is not too much. The balance is provided by contributions both foreign and domestic.

I do not think we have to try to compare it with the C–5A or the ABM, for the latter of which we will have voted billions, or any number of other items. We have fought that out. I am not trying to reopen it on the merits, but all I am citing is that it is a relative matter. It is not too much for a country of 200 million people to devote $23 million to the only national center for the performing arts.

For the information of the Senate, I think I should put that whole statement in the RECORD. I thought people did not seem to be too interested in it. I am glad they are.

I ask unanimous consent to place in the RECORD a statement showing the funds available for the project.

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

JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS FUNDS AVAILABLE FOR CONSTRUCTION AS OF SEPT. 15, 1969

(Preliminary not audited)

Current assets:	
Cash in banks and investment items	$11,497,614
Accounts receivable	29,387
Accrued interest receivable as of Aug. 31, 1969	272,820
Bonds—canteen corporation	250,000
Bonds and other property	30,302
Miscellaneous funds	2,350
Building materials:	
Aluminum	73,500
Cement	50,050
Capitalized construction costs	4,072,815
Total current assets	16,278,838

JOHN F. KENNEDY CENTER FOR THE PERFORMING ARTS FUNDS AVAILABLE FOR CONSTRUCTION AS OF SEPT. 15, 1969—Continued

(Preliminary not audited)

Pledges receivable	$718,708
Other tangible property:	
Furniture, Denmark	155,000
Doors, Germany	250,000
Marble, Italy	1,132,000
Curtain, Japan	140,000
Chandeliers, Norway	180,000
Chandeliers, Ireland	35,000
Chandeliers, Sweden	210,000
Organ	136,094
Total other tangible property	2,238,094
Assets not recorded as of Sept. 15, 1969:	
Canteen corporation—construction costs ($495,000 less $250,000 received in bonds above)[1]	245,000
Canteen corporation—restaurant furniture and equipment[1]	755,000
APCOA-Washington, Inc., advance under concession agreement[1]	3,500,000
Anticipated interest income to June 30, 1970	650,000
Less estimated operating expenses to June 30, 1970	370,000
	280,000
Total private funds anticipated and available for construction	24,015,640
Appropriated funds	15,500,000
Borrowing authority	15,400,000
Total funds available for construction	54,915,640

[1] Assets available in accordance with the terms and conditions of concession agreements.

Mr. HOLLAND. Mr. President, I want to make my position completely clear. I was a Member of the Senate at the time the original program for the construction of a cultural center was approved, and I supported it. I supported the effort to name the project and slightly change it for the late President Kennedy. I think I have supported every project in connection with it, and I stand ready to support making available sufficient funds to complete the project.

The reason for my question is that I want to know, and I want the RECORD, by Monday, to be completely clear on the question of whether or not the failure to pass this bill promptly, without a delay of 90 days or 60 days—and I understand now the amendment has been modified to call for a 60-day delay—will enable the project to be continued without any delay.

Are there provisions in the measure under which, without awaiting an appropriation, funds can be made available from the Treasury so as to immediately go ahead with the construction and have no hiatus?

Mr. FULBRIGHT. At the meeting on Tuesday I asked Mr. Stevens if he had any objection to the GSA doing this if the Congress wishes to have it do so. He said, "Absolutely not." The question here is solely one of having funds available so that the existing contracts can proceed without loss.

Mr. HOLLAND. That is exactly the question I am trying to raise.

Mr. FULBRIGHT. If the distinguished Senator from Maine would accept an amendment which would, in effect, allow for a continuing resolution, so that all work in being and all contracts that are contemplated can proceed while this audit is being made, I would accept it, and I think Mr. Stevens would. I asked him that. He said:

We have no objection to any further audit, but it would be an unacceptable financial loss to us to shut down the building that is proceeding.

We went down there and the trustees were all asked to look at the building. I think there are 150 carpenters at work on the building. It is a very busy place at the moment, if anyone wishes to go there to see it. It is proceeding at full tilt. I am sure the Senator from Florida will agree that it would be a great waste to interrupt its construction. If the amendment could be changed to provide the funds necessary to continue construction on the regular basis at which it is anticipated it would proceed, I do not think there would be any objection.

Mrs. SMITH of Maine. Mr. President, will the Senator from Florida yield, so that I may answer his question concerning the delay?

Mr. HOLLAND. If the Senator from Maine would permit me to finish my statement, then I should be happy to have her answer, for that is what I want.

It seems to me that if there were to be a shutdown, as the Senator from Arkansas has indicated, it would cause a rather tragic blow to our prestige and national pride. The building is named for our late associate who sat in this Chamber where the distinguished Senator from West Virginia (Mr. BYRD) is now sitting. He served here for several years, was later elected our President, and was so serving when he came to his tragic death. The project bears his name and reflects accurately his own interests in culture, education, the arts, and the like. Aside from the question of financial loss, which I am certain is an important question, it is important to the Senator from Florida.

But I think the other question is of equal importance. I would not want to see a stoppage of work and have that great half-completed building stand idle as a monument to the fact that we did not know how to complete a memorial to our late President.

Now I am very glad to yield to the Senator from Maine.

Mrs. SMITH of Maine. Mr. President, in response to the question asked by the distinguished Senator from Florida, there is no provision in the Department of the Interior appropriation bill, now in conference, for this $7.5 million proposal. Consequently, there is no holdup of funds for the current construction of the project in my amendment.

If the Kennedy Center authorization bill is passed next week and sent to the President, it will probably be signed into law by the President within a very short time.

The money the bill would authorize cannot possibly be realized until appropriations are made for it. Since no appropriations for it are provided in the current Department of the Interior appropriation bill now in conference, it will be necessary to have future appropriation legislation enacted before the $7.5 million proposed to be authorized in this bill could be available.

Such an appropriation would have to come in a supplemental appropriation bill. At the rate of progress of the legislative schedule thus far this year, and on the basis of time schedules on supplemental appropriations in the past, it is most unlikely that a supplemental appropriation of $7.5 million would be passed by Congress prior to the end of this year or before January or February of next year; and surely the Comptroller General and the General Accounting Office could complete the study and make the report proposed by the amendment before that time, which in no way would interfere with the construction schedule of the Kennedy Center or result in any costly delays, as the junior Senator from Arkansas fears.

I assure the Senate that I am not trying to hold this project up. I am for a cultural center, as my votes have indicated in the past. But I do believe we should take time at this time, before we go any farther, and find out just where we are going.

I cannot see, I would say to the Senator from Florida, how this 60 days would be detrimental because he, as a prominent member of the Appropriations Committee, knows very well the time that it takes to get a supplemental bill through.

Mr. HOLLAND. Mr. President, I certainly appreciate the statement of our distinguished colleague from Maine. I hope that before the Senate meets on Monday, those who are handling this bill may explore the possibility as to whether or not a joint resolution permitting this particular agency to go to the Treasury for an advance against an appropriation should be added to this bill, so as to avoid any prospect of a holdup.

I completely agree with the Senator from Maine that the procuring of a supplemental appropriation bill is no small task. We have both struggled through that task a good many times. But I do recall some instances when resolutions have been passed permitting a credit at the Treasury for immediate advances that might solve a situation, a credit as against an appropriation to be made later.

Mr. FULBRIGHT. I would certainly go along with the Senator's suggestion.

Mr. HOLLAND. I suggest this matter be gone into carefully and reported to the Senate on Monday, because I believe every Senator will be deeply concerned over this question.

Mr. FULBRIGHT. I certainly think we should look into that, and that may be the best way to solve it.

Mr. ALLEN. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I yield.

Mr. ALLEN. I should like to ask the

distinguished Senator from Arkansas why the urgency and why the haste, when the financial report that he has inserted in the RECORD, as of September 15, 1969, shows that the center has on hand as of that date cash in banks and invested items totaling $11,497,000, and further, that it has on hand accrued interest receivable as of August 31, 1969, of $272,000, and bonds in the Canteen Corp. of $250,000, making it a total of $12 million on hand for the center. Why the urgency in pushing through this appropriation?

Mr. FULBRIGHT. The best explanation that I can think of is that these funds are not free to be used for payrolls and current operations as the building proceeds. For this building, contracts are made and funds are set aside for them. Although moneys are still in the bank, they are not available for use in carrying forward the immediate construction and meeting the payrolls.

What is most critical here, even more than the appropriation, is the borrowing authority of $5 million. That could meet the immediate emergency, if the bill is passed. I think they might get by if the borrowing authority became immediate, which would not, I assume, require appropriated funds. That I shall look into in response to the question of the Senator from Florida.

I might say I did not anticipate that I would be so prominent in the debate on this matter, because the Public Works Committee had the bill. I only volunteered these comments because I had, for a long time, been interested in the project, and I did attend the meeting last Tuesday.

But I think the explanation of what the Senator asks about is that those funds, while they are invested and in the bank, are allocated as a reserve against contracts which are let.

This is a very complicated building. There is nothing quite like it anywhere else in the world, with three different houses in one—that is, an opera house, a concert hall, and a theater. As they proceed, there are contracts let for various aspects of it, and then there are also the daily payrolls of the workers who are engaged in different parts of the construction.

All I can tell the Senator is that Mr. STEVENS, on Tuesday, said that if they did not have available funds which they could commit, they would have to begin to adjust their program, which meant a shutdown of the operation, within a few days. That is what he told me.

Mr. ALLEN. I should like to ask the distinguished Senator a further question. This table is headed "Funds Available for Construction as of September 15, 1969," and it shows the appropriated funds as $15,500,000, apparently untouched.

Mr. FULBRIGHT. Oh, no, they have not been untouched. This is a résumé of all that has been made available, including that which has been spent.

Mr. ALLEN. It does not show what has been spent.

Mr. FULBRIGHT. This is simply a table to show all of the money, and its origin, for the total period. This is the item which the Senator read, I thought, which was assets. But I do not think he will find this is available for application on the current accounts.

Mr. ALLEN. This, then, would be what the Center has received, and not what it has spent; is that correct?

Mr. FULBRIGHT. Yes, that is correct. This is the total of funds which have been made available—or some of it is pledges—from private sources. It is not all yet due. But this is what I reported a while ago.

Mr. PERCY. Mr. President, will the Senator yield for one comment on that point?

Mr. ALLEN. I have one further question to ask first. The Senator from Illinois can perhaps answer this question. I wonder if by next Monday the Senator could bring in a statement showing how much of the $54,915,000 has been expended. I believe that the Senate would like to know that.

Mr. FULBRIGHT. That is expended and committed. Much of it is allocated to contracts which have been made.

Mr. ALLEN. From the statement of the Senator, the Center has received $54 million up to this time.

Mr. FULBRIGHT. It is the difference between that amount and the $66 million that we have been talking about.

Mr. ALLEN. No showing is made as to how much has been spent. However, the Senator will be able to furnish that by Monday.

Mr. FULBRIGHT. The Senator is correct.

Mr. PERCY. Mr. President, about half of the total amount of the public funds available for construction has been expended. The Center is down to a few thousand dollars.

This is what caused the GSA to notify the contractor on behalf of the Center to notify the Center that they would be required to cut down on some contracts and cancel some contracts unless additional funds were made available.

The distinguished Senator from Maine mentioned the funds as being authorized, but did not mention the request of $5 million for additional borrowing.

It is my understanding that the authorized funds would have to be acted on by the Appropriations Committee and that with the authorized borrowings the Treasury would be able to go ahead and pledge these funds against the contracts already placed and not require that they be renegotiated.

I have one further point that may be of interest to the Senator from Florida. I feel quite confident that if we, by our action, delay the carrying on of this work, some of the contractors would not want to be held bound to prices established in 1964. We are now at a level where building costs are increasing 1 percent a month. There has been a 12-percent increase in building costs in the last 12 months.

Many of the contractors would like to have those contracts renegotiated after they have been terminated by us and not by them and established at new prices.

We are talking about millions of dollars of additional cost unless we are able to proceed next week with due diligence.

Mr. ALLEN. Mr. President, either the Senator from Illinois or the Senator from Arkansas will then bring in a statement by Monday of the expenditures to date.

Mr. FULBRIGHT. The Senator is correct.

Mr. President, I ask unanimous consent to have printed in the RECORD a little more than a paragraph from page 6 of the report. This is an explanation relative to the question raised by the Senator from Florida.

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

To interrupt construction of the facility at this time would jeopardize the $15,500,000 which the Federal Government has already invested in the project, would deny the use of this long desired cultural center to the many people who visit and live in the Nation's Capital, and would probably cost an additional $10 million to complete at a later date. However, the committee wants it clearly understood that the Center must be completed within the proposed cost of $66,400,000 and if, by any chance, this figure has been underestimated any additional funds required must be raised by the Board of Trustees through private subscription. The need to complete the Center is urgent and the committee recommends the enactment of H.R. 11249.

COST

This legislation authorizes the appropriation of an additional $7,500,000 for construction of the Center and authorizes borrowing authority from the U.S. Treasury for an additional $5 million for the parking facility.

Mrs. SMITH of Maine. Mr. President, in line with the last discussion, the House passed the bill in July. The Senator from Delaware (Mr. WILLIAMS), first put a hold on the bill back in July until it could be taken up for a record vote. He did this long before I intervened on the bill.

It is hard for me to understand the sudden urgency of this bill and why action was not sought on it until 2 weeks ago.

So if there is a fear of delay in the minds of some, I do not understand why it should be blamed on the amendment I offer when the bill was not brought up until 2 months after it came to the Senate floor for consideration for action.

THE 91ST CONGRESS TO DATE

Mr. MANSFIELD. Mr. President, more than one-half of the first session of the 91st Congress has passed. If any one word can characterize our record so far—and I speak for the Senate—it is that of "initiative." For what has been done, by and large has been done by the Congress—proceeding on its own, working on its own, succeeding on its own.

Of course, there were the usual matters that face any new Congress in its opening session. And there was a change of administration. What is clear is that this Congress has asserted a responsibility and an initiative as an independent coequal branch of our Government to a greater extent perhaps than ever before. Asserting ourselves in such a manner at this particular time, I think, is not only necessary but has been welcomed, I am sure, by the American people.

Going back, the 91st Congress opened its doors on January 3 to the internal

organization matters that customarily occupy a new Congress. The Senate leadership was elected and the composition of committees decided. Thereafter, as has also become customary for new Congresses in recent years—the Senate debated rule 22 and that debate lasted through January 28.

This year marked of course the advent of a new administration; an administration as new to the procedures and ways of the Congress as was the Congress to the administration. An item of early business concerned even a challenge to the electoral college and to the way we elect a President—a challenge which the Congress undertook to consider and resolve.

To be sure, adjustments were made at the outset; adjustments that provided for the consideration of the legislative views of both an outgoing President and a new President of a different party.

In this connection, it will be recalled, that on January 14 President Johnson delivered a farewell state of the Union address presenting a legislative program to which he thought we should give priority. After the inauguration of President Nixon on January 20, the Congress in turn gave the new administration an opportunity to examine and review the Johnson program and to present any new legislative proposals it so desired.

In time, President Nixon decided not to appear before Congress with a state of the Union message proposing a comprehensive legislative program of his own. Instead, he decided to deal with legislative items as they arose. The Johnson administration budget estimates were reviewed and revisions were suggested. Regrettably, the time consumed by the new administration in reviewing the budget so delayed the appropriations process of the Congress that it is just now beginning to catch up.

In any event, the legislative record of this Congress is taking shape. It is a record that demonstrates clearly our initiative and our willingness to work and cooperate with a President of a different party.

Indeed, to enable this administration to lay the groundwork for structuring the Government to meet its tasks in the years ahead, the Senate with early dispatch, cooperated favorably with the President and gave him the authority to submit plans to the Congress proposing executive reorganizations.

Next the Senate undertook, after searching debate, to give its advice and consent to the ratification of the Nuclear Nonproliferation Treaty, which, though it had been signed and sent to Congress by the prior administration, was endorsed by President Nixon.

The Senate then took a major step in foreign affairs; a step that clearly emphasizes our initiative and the responsibility we have assumed. I refer, of course, to the resolution on national commitments which we adopted overwhelmingly to reassert our constitutional role in deciding the use of this Nation's resources abroad.

Going on, our legislative achievement to date in this first session of the 91st has been significant. The Senate asserted itself in the economic field, completing action on measures that provided for a permanent and temporary debt limit suggested by the administration; that moved in the direction of mutual fund reforms; that revised and extended the Appalachian Regional Development Act.

Of note in the education and health fields has been the Senate's action authorizing an emergency insured student loan program; establishing a National Center on Educational Media and Materials for the Handicapped; formulating a National Commission on Libraries and Information Sciences to develop and carry out a national policy; recognizing the important role of the National Science Foundation by providing additional funds to bring its total authorization for fiscal 1970 over $500 million; banning hazardous toys from the marketplace; and promulgating health and safety standards in the construction industry.

The Senate has faced up as well to the problems that exist in the all-important areas of conservation and environment.

We extended the funds for Clean Air Act research at the current spending level of $90 million;

We proposed an independent high-level Board of Environmental Quality Advisers to aid the Nation's social, economic, health and conservation goals;

We set out a national mining and minerals policy; and

Initiated a pilot Youth Conservation Corps for summer work and educational pursuits in our national parks, and acted to expand the scope of our Nation's wilderness areas.

Of note in the direction of further efforts toward crime control has been the Senate's action to reorganize the District of Columbia courts and reform the District of Columbia Bail Agency to require more supervision of defendants released under the act.

Of note, too, is legislation to prohibit political patronage in the appointment of postmasters—a reform the Senate also recommended last year.

The Senate also authorized up to $1.1 billion as the Federal contribution for a rapid transit system toward solving the transportation problem in the District of Columbia and nearby areas.

Our new initiative was exhibited again in the area of national defense with the Senate's painstaking examination of the $20 billion military procurement authorization for fiscal year 1970. The lengthy, careful and thorough debate on the measure that included the decision to deploy the Safeguard anti-ballistic-missile system program was one of the most thoughtful and constructive dialogs that has ever occurred in the Senate. The Senate demanded an independent determination of the facts—prior to making its decision. It signaled the end of an era when the Executive would be the only source of data in the field of national defense and security.

Moreover, the Senate has passed a number of measures to assist our veterans such as increasing Government insurance for servicemen and extending its coverage to Vietnam-era veterans.

And, after completing its consideration of the military procurement bill, the Senate endorsed a continuation of our space program through assent to a $3.7 billion authorization.

Last week, the Senate completed action on an omnibus Housing Act and an expansion of the food stamp program, the Maritime authorization and the Interior Appropriations measure. We completed action on the Recognition of Foreign Governments Resolution and yesterday passed the far-reaching Mine Safety Act.

Today's accomplishments include the Civil Service Retirement Act; hopefully, the John F. Kennedy Center authorization and the revenue measure for the District of Columbia will be ready for the President's signature within the near future. The Water Pollution Control Act will soon be taken up and we may look to many more legislative achievements through the remainder of this month and the rest of the first session.

I should say that in some cases, efforts to expedite the legislative matters have been obstructed beyond the leadership's control. In this respect, reconsideration motions, special requests to put off debate because of inconvenience and slowdown tactics do not help expedite the business in the Senate. There is no question that although legislative achievement may be a bipartisan benefit, legislative obstructionism is a bipartisan liability.

On the whole, though, I fail to see the cause for any label—other than a label of initiative and responsibility—to be pinned on the actions of the Senate this year. We have reflected, we have accomplished much, and we have responded, and we will continue to respond, to our own assessment of the Nation's needs and to the assessment by the present administration.

The leadership had a luncheon meeting last week with committee chairmen; we discussed the remaining months of this first session of the 91st Congress and coordinated our efforts to expedite the legislation and appropriations bills that remain to be completed.

The Senate has thus far acted upon three appropriations bills with 10 remaining to be acted upon. As I have already stated, we are only now beginning to catch up after the delay occasioned by the budget revisions earlier this year. Four of the remaining 10 appropriations bills have passed the House—of those four, the Senate committee has completed its hearings on two. I am certain also that the late start of the appropriations process will not occur in the second session of this Congress.

During the remainder of the session we must dispose of these funding measures, the foreign aid authorization and tax reform and hopefully the increase in social security benefits and the draft legislation. On this latter bill, the Senate committee will await the initial action of the House.

The final judgment of the 91st Congress cannot be arrived at statistically or quantitatively; this Congress I hope will distinguish itself by the quality of its work. Much initiative has been assumed by the Congress on the major proposals enacted to date. The impact of

this shift in initiative and emphasis may mark the long term significance of the 91st Congress. It is being interpreted that way already I might say and the assessment is correct in my judgment. Last Sunday's Washington Post carried a report by Richard Lyons to this effect, and I ask unanimous consent that this perceptive analysis of the 91st Congress to date appear at this point in the RECORD.

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

RESTLESS CONGRESS TAKES THE INITIATIVE

(By Richard L. Lyons)

Talk of a "do-nothing" Congress has begun, but in fact a restless, impatient Congress has grabbed the initiative from the President all along the line.

It is true that as the year moves into the last quarter much of the legislative work remains to be done. The appropriation bills are caught in the worst logjam in memory and the government is operating under an unsatisfactory stopgap continuing resolution based on last year's spending levels.

But the delay has been due in good part to the Senate's exhaustive scrutiny of military policy and spending—the first searching challenge of the military since it became a massive institution in World War Two. The delay has been caused also by the unusual slowness with which the administration got its program to Congress.

Who would have thought that the House Ways and Means Committee, carefully shaped over the years by Sam Rayburn to protect the oil depletion allowance, would write the most comprehensive tax reform bill in history and cut the oil men's tax saving by 25 percent?

If this Congress did nothing more than mark an end to accepting military budgets on faith and produce a more equitable tax structure it would earn a place in history and the slow pace on relatively routine appropriation bills would be soon forgotten.

Consider some other recent events:

While President Nixon vacillated on electoral reform, Republican and Democratic leaders combined to push a constitutional amendment for direct election of the President through the House. If it gets by the Senate and state legislatures, still questionable, this would be the most basic change ever made in the process of electing the President.

The Senate last week converted a routine housing bill extending programs into a $6 billion measure containing new ideas, including a plan offered by Sen. Edward W. Brooke (R-Mass.) to help more poor people get into public housing.

After pressuring the administration to come up with a major food stamp program last spring, a bipartisan group of senators expanded it even further on the Senate floor last week. The revolt was led by Sens. George McGovern (D-S.D.) and Jacob K. Javits (R-N.Y.) who made hunger a national issue with their special investigating committee.

The undefeated civil rights team of Reps. Emanuel Celler (D-N.Y.) and William M. McCulloch (R-Ohio) gave short shrift to the administration's voting rights bill and pushed through the House Judiciary Committee a simple extension of the existing law to help southern Negroes register. It is expected to pass the House next month.

The administration had little to offer in the way of tax reform proposals last spring so the House Ways and Means Committee wrote its own bill. It sailed through the House and is now in the Senate. The administration seems to have at least two positions on the oil depletion allowance. It was Reps. Wilbur D. Mills (D-Ark.) and Hale Boggs (D-La.), the top two Democrats on the Ways and Means Committee and both from oil and gas states, who insisted that a reduction in the allowance must be part of the reform bill.

After talking earlier of a 7 per cent increase in Social Security benefits, the President upped it last week to 10 per cent effective next April 1. House leaders of both parties fell over each other to up the ante. They also agreed it should be made effective by the first of January at the latest. Rep. William C. Cramer (R-Fla.), a junior member of the House GOP leadership and a candidate for the Senate from a state full of pensioners, wants a 15 per cent increase retroactive to last Jan. 1.

House Democrats, tired of seeing the big education programs they had authorized only half funded, added $1 billion to the education appropriation bill and were scolded by the President for inflationary budget-busting.

The House may give the President another billion-dollar headache when the public works appropriation bill hits the floor soon. A drive to appropriate the full $1 billion authorized to fight water pollution, instead of $214 million requested by the administration, claims to have 219 firm votes including about 45 Republicans. This is a clear majority of the House.

Not all of these bills will pass both houses this year and some may not make it next year. The food stamp program faces delay in the House and voting rights in the Senate. Congress is dragging its feet on the President's plan to reform the military draft and postal reform. Neither house is expected to act this year on his most innovative proposal, welfare reform.

But this Democratic Congress, which has lost the cohesive, prodding White House leadership exercised for the last eight years and operating under loose congressional leadership, is showing an unexpected amount of self-starting energy. And this initiative has come more through bipartisan efforts at the Capitol than by teamwork between Congress and the White House.

WASHINGTON WINDOW

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a transcript of a radio interview with the United Press International Network in which the participants were George Marder and Steve Gerstel, both reporters for UPI. William Greenwood of UPI Audio Network was in charge of the program.

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

WASHINGTON WINDOW

Guest: Sen. Mike Mansfield, Democrat of Mont., Senate Majority Leader and ranking member of the Senate Foreign Relations Committee.

Panel: George Marder, Steve Gerstel.

Q. Senator, the new Senate Republican leader Hugh Scott has asked for a sixty day moratorium on criticism of President Nixon's conduct of the war. How do you react to this?

A. I don't think that a moratorium of a lesser or greater amount of time would have any effect, as a matter of fact it might well be counterproductive. The question of criticism is one which is guaranteed to all Americans under the constitution. Certainly it is one of the inherent rights of a Senator to express his views as he sees fit on questions which effect the welfare, the security of the country. So I don't think too much of that particular proposal because I don't see what could be accomplished within sixty days.

Q. Do you think there should be some kind of coordination between members of the congress and the people sponsoring the moratorium day on October 15th?

A. No, I do not. We have our responsibilities; we should face up to being Senators, attend to the Senate's business, and, what we have to say, say on the floor, and say on the basis of our own right but not as the result of tieing up with some other group.

Q. Then you would oppose the suggestion that has been put forth that Congress recess for that day.

A. I would. The business of the Senate will be conducted as usual on that day.

Q. But how do you feel about the demonstrations themselves?

A. People have the right to demonstrate, to criticize, to oppose, to make their views known. As I've said earlier, that is one of the rights guaranteed under the constitution. I would only hope it would be constructive and worthwhile.

Q. Do you intend to participate in these protest demonstrations in any way? Sympathize with them? Encourage them?

A. I do not.

Q. I wonder Senator what you meant by counterproductive—that if Senators exercise restraint now in criticizing the war it might be counterproductive? What did you have in mind in that?

A. That there's no objective in mind as to what could be achieved within sixty days. By making such proposals, I think you create more opposition rather than more unity.

Q. How do you feel about these resolutions that are going to be introduced on October 8th by Republican and Democratic Senators calling for withdrawal of troops from Vietnam?

A. That is their prerogative, their right; they have that privilege, any time they see fit. I'm sure that any resolutions of that nature will be given the appropriate consideration by the appropriate committees.

Q. Are you joining in any of these resolutions?

A. No, I am not.

Q. Are you joining in any of the criticism of the President's conduct of the war?

A. Well, I'm trying to understand the President's position because I ask myself what would I do if I were in his shoes. And it's kind of hard to answer because he has the final responsibility. I think we ought to recognize that point and be aware of the fact that if anything is to be done in Vietnam, it's going to be done by him because of his Constitutional authority and responsibility. I think he's been moving in the right direction through a reduction in troops, though not fast enough, through advocating a change in the draft, and in other ways. I do not think that he has too much more time to arrive at a decision concerning Vietnam because this is the burning question, the vital question, and it's tied to everything, directly or indirectly, which is occurring in this country today.

Q. When you say not too much more time, could you spell that out in terms of months and what you feel might happen at the end of this time period?

A. No, not in terms of months. But his time began to run out on the day that he took office. And the longer that time ran out on him, the fewer options and alternatives he had open to him. In other words, he could have done a great deal more in the first days of his Administration than he can do now and, in a sense, get away with it.

Q. Word has come through Republican leaders that one of the reasons he wants this moratorium is because of the new leadership in Hanoi . . . that there is a need for some time to appraise this new leadership and what their reactions might be.

A. Well, it's a reasonable, logical argument, but it appears as of now that the joint leadership which replaced Ho Chi Minh has no designs for changing the course of the war. I would point out though that since March there has been a decidely strong decrease in infiltration on the part of the North Vietnamese into South Vietnam. I look upon that as a hopeful sign. I would suggest, as long as you're leading with your questions to this particular point, that what we ought to consider seriously is a cease fire and stand fast. In other words, fall back into the Gavin enclave theory and do what we can by actions as well as by words to try and bring this dreadful and tragic war to a conclusion.

Q. The action you are talking about is that we announce to the world and to Hanoi particularly that we cease-fire and we will not fire again unless fired upon?

A. That's right. If we're fired on we will, of course, fire in return. But we can try and see if we can't put into effect some sort of a de facto termination of hostilities on that basis.

Q. And that we do it unilaterally . . . we do it ourselves?

A. That's right. Furthermore I would hope that we would fall away from the dependence on the South Vietnamese government which is becoming more apparent every day. President Thieu seems to be the tail always wagging the American body. I would like to see in South Vietnam a coalition government based on elections which could take place within weeks or months rather than after the end of hostilities, to the end that a government representing all South Vietnamese, the Viet Cong, Cao Dai, the Hua Hoa, the neutralists and all the others be established.

Q. Is it your feeling that there cannot be a negotiated settlement to the war unless there is shared control of the government by all the elements?

A. That is the main thesis, I think, on both sides. Insofar as Hanoi is concerned, they have said they would not treat with the present government. As far as we are concerned, we have stated that the one point we would not back down on was the right of the South Vietnamese to decide themselves what their own future will be.

Q. What can the United States do to force the Saigon regime into holding these kinds of elections so there is a government with total representation?

A. Speed up the withdrawals.

Q. You mean scare them into doing it?

A. Not scare them, just make them face the facts of life instead of kowtowing to them, think of our own people for a change instead of the South Vietnamese government.

Q. You feel that they would do that if we started withdrawing more troops?

A. They'd do it, or they'd fall.

Q. Senator, have you seen a smilar de-escalation of the level of activity in Laos, or the level of our involvement in Laos as . . .

A. Quite the contrary.

Q. We have been increasing our involvement there.

A. That's right. I know of no combat troops on the ground, but the sorties into Laos number in the hundreds every day, and that is a matter of public knowledge.

Q. And you oppose these, do you not?

A. I do not oppose them, but I do think that it ought to be brought home to the American people in that there is a possibility of another Vietnam being created in Laos because of our re-involvement. Now, I must in all candor say that on the basis of the Geneva accords of 1962 by means of which all foreign troops were supposed to leave Laos that we did so at that time. The North Vietnamese did not. As a matter of fact, they had increased their personnel capacity so that today it numbers somewhere in the neighborhood of 50 thousand. But there's no question about the stepped-up air activity in Laos and it is my understanding that more bombs are being dropped there than were being dropped on North Vietnam prior to the conclusion of the bombing strafing up there.

Q. How do we counter this military activity by the other side in violation of the Geneva convention if we don't do it through areal military activity? How do we oppose them? How do we stop them?

A. That's a hard question to answer. I don't know the answer, but I do not think the answer is stepped up activity on our part in support of the Royal Loatian troops and the Meo and other tribesmen in the northern part of Laos itself. We ought to do our best I would think to try and bring about a coordination between the various groups in Laos to the end that the neutralist agreement achieved in 1962 could be put into effect. It is still technically in being but it is not in fact.

Q. Does the Senate Foreign Relations Committee intend to hold some hearings that delve into this, to bring it out to the public, so that the American public will know what is going on there?

A. Yes. The Symington Subcommittee intends to do that later this month around the 13th or the 14th of October. Although I think the press has carried a pretty good coverage on Laos over the past three or four years and most especially in the past two or three weeks.

Q. Senator, on a different subject, as the session of the Congress is starting to come to a close, there are accusations from Republicans that this is a do-nothing Congress and they are blaming it on the Democrats.

A. Well, the Republicans are part of the Congress too, and if they want to reconsider legislation and debate at length on various bills, they'll have to bear their share of the burden. Personally, I think that we should not be judged on the basis of the quantity of legislation we pass but on the quality of the legislation and the type of debate which we conduct. We spent two months on the military authorization bill. I think it was an exercise conducted in good faith; that it was educational in nature, and that it will be conducive to better results from the Department of Defense, the Administration, and the Senate and the appropriate committees and also that it will continue to mean that more scrutiny will be placed on these requests which take up so much of our budget by the Department of Defense.

Q. Nevertheless, Senator, to the layman who sees Congress acting these days, the Senate is busy. You have great difficulty making an appointment with a Senator to see him and talk to him. He's always going from one committee to another. And the wheels are turning and turning, but nothing seems to be coming out. Is this something like a Rube Goldberg machine is just turning?

A. No. There's plenty coming out. There you get back again to the question of quantity. I'm not interested in quantity. I'm interested in quality. And the record of the Senate has been pretty good to date. We have a lot of appropriation bills but the great majority of them cannot be acted upon until they pass the House. The calendar is pretty clean. And I'm not at all adverse to the way the Senate has been operating. As a matter of fact, I'm in favor of it.

Q. About the appropriation bills, could any business, any firm in the United States operate the way Congress operates that you are now some four months into a new fiscal year and the departments still don't know what money they've got to spend for the current year?

A. No, I don't think they could, would, or should, and I think the Congress ought to reform itself in that respect. I've advocated that we ought to have two sessions within each session. The first part for legislative matters and the second part for appropriation matters. It's been the mode for far too long to sandwich appropriation bills in between other legislation and do not give them the necessary consideration. I would also like to see the fiscal year done away with and the calendar year substituted.

Q. What are the chances of either of those coming about?

A. In the immediate future, dim. In the long run, I would hope good.

Q. Is it a fact of life now that Congress will always stay in session year round . . . the old days when Congress adjourned early in the fall or late in the summer are they over now?

A. Yes, and it has been a fact of life for at least a decade, probably longer and it will be the way we proceed in the future.

Q. What would you say are the chances of the tax reform bill passing this year?

A. I anticipate that the Finance Committee will report out a tax reform and tax relief measure by October 31st and it is my intention to call it up and to try and get action on it this year.

Q. And if it doesn't pass this year, will the surtax bill be taken up in the Senate?

A. No.

Q. Nor, the investment tax credit?

A. No.

Q. What about this argument . . . Senator Allott made it last week . . . that you really haven't given the Finance Committee enough time to write a good bill . . . that if they have to report it at the end of October, as you've asked or suggested, that means that a good bit of the bill will have to be written on the floor which will mean a long and extended debate.

A. It would be anyway. You could give them years to write a bill and it would still have to be debated, and changed, and considered, on the floor, so I see no validity to that argument.

Q. Senator, could I go back to the Vietnam issue for just a moment? The Democrats held a meeting on this called by Sen. Harris, I believe a few days ago. There's been some criticism from the Administration particularly that the Democrats are seeking political advantage now because of the way the war is going. How do you react to that?

A. I think that's the worst thing we could do. This is not a partisan matter. As Democrats we cannot forgo our share of the blame in the Vietnamese War. After all, the President inherited this. He will get more and more blame unfortunately, as time goes on because the final responsibilities, as I have indicated earlier, rest with him. But as far as it becoming a partisan political issue is concerned, I think that is the worst thing that could happen. This is not a partisan or political issue. This is an all American issue.

Q. Well, do you see it as a tactical error, then, for the Democrats to have met alone and for Senator Harris to come out and make some remarks about it that we ought to take off the gloves now on the Vietnam war, or should've this in the beginning been a bipartisan meeting and bringing some of the Republican doves like Hatfield, and Case and Cooper?

A. I can't speak for the meeting because I know nothing about it. I did, of course, read the reports in the newspaper, but I can only say that matters of this kind transcend partisan politics and should be considered by both parties on a non-partisan basis because it's the welfare and security of the nation, internally and outside, which is of prime importance.

Q. What is your personal opinion of the bill that Sen. Goodell introduced which would, in effect, bar funds to maintain troops in Vietnam after December of 1970?

A. I do not look upon it with too much favor, though I am not at all adverse to the bill being introduced because I would like to see us get out before the end of 1970. And

I was pleased to note that the President in response to a question concerning Sen. Goodell's measure, indicated that he would like to get out before the end of 1970, but he figures that setting a timetable . . . a time limit . . . would hamstring him, so to speak, in achieving that objective.

Q. But by saying that he'd like to get out before that date, isn't he setting a timetable himself?

A. Yes, but it's an indefinite timetable rather than a put down, hard and fast time table as Sen. Goodell has indicated.

Q. Wasn't more of a hope that he expressed such as he did express when former Defense Secretary Clark Clifford suggested getting 100,000 out by the end of this year?

A. That is correct, but then when President's hope, it's usually taken for something more substantive.

Q. I gather that you believe there should be a timetable set for total withdrawal?

A. No, I'd like to see that timetable which is now, of course, open knowledge beaten by getting our people out before that time if at all possible.

Q. Wouldn't an announced time table put the pressure on the Saigon government that you were talking about before so that they would reform?

A. An unannounced timetable with substantial withdrawals would put the pressure on just as much.

Q. I'm sorry, I didn't quite follow you when you said public knowledge of a withdrawal. There has been some talk from Saigon from Vice President Ky mentioning a withdrawal of up to possibly 200,000 by the end of the year. Now this has been denied by the White House. What figure did you have in mind that is public knowledge?

A. I was referring to Goodell's date.

Q. Oh, I see. Senator, when the Vietnamese debate renewed recently, one of the immediate administration pleas was the fact that they said the Democrats had six years to handle the war. We've had eight or nine months. Give us more time. As a Democrat, how do you feel about that argument?

A. Well, as I said earlier, that has some validity because it was a war which started under Democratic Administrations. It's true that the present administration has had only eight months and that President Nixon is trying to move in the right direction . . . not fast enough to suit many of us . . . but at least making moves which indicate that he is just as desirous as anyone to bring this war to a conclusion.

Q. You oppose a moratorium on criticism but actually . . .

A. Anybody can speak as they see fit on this and I think that's part of our responsibility.

Q. That's what I meant . . . you're not in favor of a moratorium on criticism.

A. No.

Q. But for general purposes, the criticism so far of President Nixon has been fairly mild. Now there are indications that it's becoming a little harsher. Do you favor an escalation of the criticism at this point? Or it goes back to this theory of how much time you give a new president before you criticize.

A. No, I don't favor an escalation of criticism any more than I favor an escalation of the war. What each individual Senator does is his own responsibility. All I would hope is that the criticism would be constructive; that wherever possible alternatives would come forth which would be of assistance to the President, in speeding up the withdrawal of troops and ending this tragic war.

Q. How about the alternative that has been suggested that we resume the bombing if we don't hear from or get some concession from Hanoi?

A. I think that's insanity.

Q. Sir, that was made by a Senate colleague. We'll pass over to another question.

A. I don't think the American people would stand for it. I don't think the Administration would stand for it and what it calls for is escalation of the war instead of withdrawal . . . the input of tens if not hundreds of thousands of additional American troops. That argument goes in the wrong direction.

Q. Senator, the President has said that he would pay no heed to the Vietnam dissent on the campus. I wonder what your reaction to that is?

A. Well, I admire his candor but question his judgment.

Q. You feel the dissent does have an effect on the President's conduct of the war?

A. Yes. I think it has a decided effect because it's spreading far beyond its former confines and taking in all aspects of the population. And I think that it played a part in the withdrawal of President Johnson from seeking re-election last year.

Q. Some people have said that if Mr. Nixon can't end the war, substantially reduce our troops in Vietnam by the end of his first term, he won't have a second. Do you feel this is perhaps a reason for his withdrawals and intense concern over the way things are going?

A. No, I don't think he's considering the political consequences. I think that he is fed up to here on the war too and he's doing everything in his power which he can do responsibly, to bring this way to a conclusion.

Q. Senator, are there any other major pieces of legislation beyond the tax reform bill that you see passing through Congress this year?

A. Well, there's an education bill of consequence . . .

Q. Isn't that stymied in the house?

A. No, it passed the House. It's in the Senate Labor Committee. And then, of course, we have air and water pollution bills and other measures such as foreign aid . . . a tax bill . . . all these are bits of legislation which are of tremendous significance.

Q. Some Republicans have been asking that President Nixon withdraw the nomination of Justice Haynsworth to the Supreme Court? How do you feel about that?

A. I haven't read the record. I have read the press accounts. I would like to see just what the record of the hearings of the committee shows. Then I will make my own judgment. There are some questions which raise questions and therefore I want to find some answers.

Q. Do you feel that this is an excellent appointment?

A. I will still have to read the record.

Q. Would you call up the nomination as soon as the Committee reports it in light of the fact that court begins its term next week?

A. Not on that basis. I would call it up if it's reported out by the committee at the first appropriate time because there's other legislation we have to consider as well as individual nominations and I would look for a time when there could be extended debate because from what I read in the paper so far and heard from my colleagues, it does appear that there may be some days of talking ahead.

Q. Senator, some people say there might be as many as 30 or 40 votes against Judge Haynsworth if the nomination reaches the floor. Doesn't this . . . Isn't this really almost like sending a justice to the court with one arm tied?

A. Not necessarily. Those matters have happened before and on many occasions the justices turn out to be a pleasant surprise. I'm not saying this in the case of Haynsworth but on the question of previous justices against whom there was a great deal of opposition.

Q. Will there be a Democratic party meeting in the Senate on the Haynsworth nomination? Will there be a Democratic party position on it too?

A. No, there will not. Each Senator will have to make up his own mind.

Q. Will it be taken up at the policy committee?

A. It will not.

Q. Speaking of policy committee, George, let me mention the policy council also which the Democratic party has just formed. With the Presidency lost for the time being, and the Democrats not able to use that as a forum, Sen. Mansfield, do you see this policy council as emerging as a viable force for directing Democrats in this country?

A. Yes, I think it could be helpful to the Democratic National Committee and to the Democratic Party nationally because we do have a platform from which we can operate. We can consider measures of transcendent importance and establish a party position and I think it's a step in the right direction in making the policy committee a policy committee at long last.

Q. There's been some concern over the representation on the policy council. Some democrats have been noticeably omitted, such as yourself, I believe.

A. Are we talking about the policy committee in the Senate or the . . .

Q. No, sir, we're talking about the policy council.

A. Oh, I was talking about the policy committee in the Senate. As far as the policy committee in the council is concerned, I think it's a good thing and frankly, I could have been on that council, had I desired. I didn't desire to be on it. I think that the Democratic policy committee in the Senate can work with the council. Together we can do a great deal of good in establishing Democratic party positions.

Q. Why did you prefer to stay off?

A. Because I have enough to do up here in the Senate and besides, the policy committee is, as I have indicated, trying to set Democratic policy.

Q. Senator, would you like to say what the chances of a tax reform bill passing this session are?

A. I would say good. As far as I am concerned personally, I intend to keep my word to the Senate and do everything I possibly can to pass a tax reform and tax relief bill.

OPPOSITION TO ADDING BENNETT AMMUNITION AMENDMENT TO THE INTEREST EQUALIZATION TAX BILL

Mr. JAVITS. Mr. President, the Senate will soon consider the interest equalization tax bill, H.R. 12829. An amendment to that Finance Committee bill would propose important changes in the Gun Control Act of 1968.

In my judgment these changes, if enacted, would weaken, rather than strengthen, the control of guns.

I can appreciate the concerns of the sportsmen of our country. However, gun control legislation is certainly reasonable. The Gun Control Act is a reasonable effort to meet the grave problems of violent urban crime.

Mr. President, I think it is important that we record ourselves on this issue. I shall oppose the provision, attached as a rider on a bill from the Finance Committee, which would exempt long-arm ammunition from present gun control provisions.

Passage of this provision would be most unwise. We would be moving in the wrong direction at the wrong time. Greater gun controls are demanded, not less. The provisions of the Gun Control Act of 1968 should be strengthened, not weakened. I have joined other Senators in sponsor-

ing bills for registering and licensing, and with Senator BROOKE, I have introduced a bill which would condition law-enforcement assistance grants to States on their establishment of information systems at that level.

Present Federal gun-control legislation is inadequate to meet a growing problem of urban violent crime—a trend which has turned many of our cities at night into prisons of fear. Guns and ammunition are easily available, and the past few years have witnessed a tremendous increase in the presence of firearms in our midst. As the National Commission on the Causes and Prevention of Violence reported, the "urban arms buildup" has not eliminated crime and violence nor has it checked the rising wave of urban fear. In fact, the increased availability of firearms and firearms ammunition has brought in its wake a tremendous increase in violent crime.

As the Senator form Connecticut (Mr. DODD) indicated, with 90 million firearms already in private hands in the United States, ammunition control is the only way in which the Gun Control Act can affect those firearms. The provisions of the Gun Control Act which relate to ammunition are not rigorous and they do not interfere with legitimate sportsmen—but they are of assistance in the prevention and investigation of violent crime.

Unquestionably, handguns are the most serious element in violent urban crime, and, technically, according to its sponsor, this provision would not deal with handgun ammunition. However, the amendment does remove .22-caliber rimfire ammunition from the provisions of the Gun Control Act, and this ammunition can be and is used in handguns as well as rifles. It has already been noted—but it must be emphasized—that 30 percent of all murders committed by handguns in this country involve the use of .22-caliber ammunition. Some 60 percent of murders committed by rifle use .22-caliber ammunition. Thirty-seven percent of all gun murders involve .22-caliber ammunition. And this amendment would exempt this ammunition from control.

Mr. President, this is not the time to deal this devastating blow to gun control legislation and to the cause of meaningful law enforcement. I urge the Senate to reject the amendment contained in this bill.

DISTRICT OF COLUMBIA REVENUE ACT OF 1969

Mr. MANSFIELD. Mr. President, in view of the fact we have reached an agreement as to the debate on the pending Kennedy Center measure, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 427, H.R. 12982.

The PRESIDING OFFICER. Without objection, it is so ordered. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 12982) to provide additional revenue for the District of Columbia, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on the District of Columbia with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "District of Columbia Revenue Act of 1969".

TITLE I—AMENDMENTS TO THE DISTRICT OF COLUMBIA SALES AND USE TAX ACTS

SEC. 101. Subsection (a) of section 114 of the District of Columbia Sales Tax Act (D.C. Code, sec. 47–2601, par. 14(a)) is amended as follows:

(1) Paragraph (5) of that subsection is amended by striking out the period at the end thereof and inserting a comma in lieu thereof, and the following: "and regardless of whether the owner of such real property is otherwise exempt from the taxes imposed by this title, except that in the case of any such exempt owner, materials furnished pursuant to a bona fide written contract entered into prior to the effective date of the amendments made by title IV of the District of Columbia Revenue Act of 1969, which contract provides for the furnishing of materials to be used in the construction, repair, or alteration of real property, which materials, upon completion of such construction, alteration, or repair, become real property, shall not be subject to the taxes imposed by this title."

(2) That subsection is amended by adding at the end thereof the following new paragraphs:

"(8) The sale of or charges for admission to public events, including movies, musical performances, exhibitions, circuses, sporting events, and other shows or performances of any type or nature, except that such sale of or charge for admission made by a semi-public institution holding a Certificate of Exemption issued by the Commissioner shall not be considered a retail sale or sale at retail.

"(9) The sale of or charges for the service of repairing, altering, mending, or fitting tangible personal property, or applying or installing tangible personal property as a repair or replacement part of other tangible personal property, whether or not such service is performed by means of coin-operated equipment or by any other means, and whether or not any tangible personal property is transferred in conjunction with such services.

"(10) The sale of or charges for copying, photocopying, reproducing, duplicating, addressing, and mailing services and for public stenographic services.

"(11) The sale of or charges for the service of washing, polishing, or waxing motor vehicles.

"(12) The sale of or charges for the service of laundering, dry cleaning, or pressing of any kind of tangible personal property, except when such service is performed by means of self-service, coin-operated equipment."

SEC. 102. Subsection (b) of section 114 is amended—

(1) by striking out paragraph (1),

(2) by redesignating paragraph (2) as paragraph (1),

(3) by redesignating paragraph (3) as paragraph (2) and by inserting before the period at the end of that paragraph a comma and the following: "except as otherwise provided in subsection (a) of this section", and

(4) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

SEC. 103. Subsection (b)(3) of section 116 of the District of Columbia Sales Tax Act (D.C. Code, sec. 47–2601, par. 16(b)(3)) is amended to read as follows:

"(3) The amount separately charged for labor or services rendered in installing or applying the property sold except as provided in section 114(a) of this title."

SEC. 104. Section 125 of the District of Columbia Sales Tax Act (D.C. Code, sec. 47–2602) is amended to read as follows:

"SEC. 125. A tax is imposed upon all vendors for the privilege of selling at retail certain tangible personal property and for the privilege of selling certain selected services (defined as 'retail sale' and 'sale at retail' in this title). The rate of tax shall be as follows:

"(1) 1 per centum of the gross receipts from sales of food for human consumption off the premises where such food is sold.

"(2) 5 per centum of the gross receipts from sales of or charges for any room or rooms, lodgings, or accommodations, furnished to transients by any hotel, inn, tourist camp, tourist cabin, or any other place in which rooms, lodgings, or accommodations are regularly furnished to transients.

"(3) 5 per centum of the gross receipts from sales of or charges for spiritous or malt liquors, beer, and wines, and food for human consumption other than off the premises where such food is sold.

"(4) 4 per centum of the gross receipts from sales of tangible personal property and from sales of and charges for services, except as otherwise provided in this section."

SEC. 105. (a) Paragraph (a) of section 127 of the District of Columbia Sales Tax Act (D.C. Code, sec. 47–2604(a)) is amended to read as follows:

"(a) On each sale or charge, other than sales of food for human consumption off the premises where such food is sold, such amounts as may be prescribed by the District of Columbia Council to carry out the purposes of this section."

(b) Paragraph (c) of such section 127 is repealed.

SEC. 106. (a) Subsection (a) of section 147 of the District of Columbia Sales Tax Act (D.C. Code, sec. 47–2624 (a)) is amended to read as follows:

"SEC. 147. (a) Any person who fails to file a return, who files a false or incorrect return or who fails to pay the tax to the District within the time required by this title shall be subject to a penalty of 5 per centum of the amount of tax due if the failure is for not more than one month, with an additional 5 per centum for each addtional month or fraction thereof during which such failure continues, not to exceed 25 per centum in the aggregate; plus interest at the rate of 1 per centum of such tax for each month or fraction thereof during which such failure continues; but the Commissioner may, if he is satisfied that the delay was excusable, waive all or any part of the penalty. Unpaid penalties and interest may be collected in the same manner as the tax imposed by this title. The penalty and interest provided for in this section shall be applicable to any tax determined as a deficiency."

(b) Subsection (b) of such section is amended by striking out "The certificate of the Collector or Assessor, as the case may be," and inserting in lieu thereof "The certificate of the Commissioner".

SEC. 108. Subsection (a) of section 201 of the District of Columbia Use Tax Act (D.C. Code, sec. 47–2701(a)) is amended as follows:

(1) Paragraph (3) of that subsection is amended by striking out the period at the end thereof and inserting in lieu thereof the following: "and regardless of whether the owner of such real property is otherwise exempt from the taxes imposed by this title, except that in the case of any such exempt owner, materials furnished pursuant to a bona fide written contract entered into prior to the effective date of the amendments made by title IV of the District of Columbia Revenue Act of 1969, which contract provides for the furnishing of materials to be used in

the construction, repair, or alteration of real property, which materials upon completion of such construction, alteration, or repair, become real property, shall not be subject to the taxes imposed by this title."

(2) That subsection is amended by adding at the end thereof the following new paragraphs:

"(6) The sale of or charges for admission to public events, including movies, musical performances, exhibitions, circuses, sporting events, and other shows or performances of any type or nature, except that such sale of or charge for admission made by a semipublic institution holding a certificate of exemption issued by the Commissioner shall not be considered a retail sale or sale at retail.

"(7) The sale of or charges for the service of repairing, altering, mending, or fitting tangible personal property, or applying or installing tangible personal property as a repair or replacement part of other tangible personal property, whether or not such service is performed by means of coin-operated equipment or by any other means, and whether or not any tangible personal property is transferred in conjunction with such service.

"(8) The sale of or charges for copying, photocopying, reproducing, duplicating, addressing, and mailing services and for public stenographic services.

"(9) The sale of or charges for the service of washing, polishing, or waxing motor vehicles.

"(10) The sale of or charges for the service of laundering, dry cleaning, or pressing of any kind of tangible personal property, except when such service is performed by means of self-service, coin-operated equipment."

SEC. 109. Subsection (b) of section 201 of the District of Columbia Use Tax Act (D.C. Code, sec. 47–2701(1)(b)) is amended—

(1) by striking out paragraph (1),

(2) by redesignating paragraph (2) as paragraph (1),

(3) by redesignating paragraph (3) as paragraph (2) and by inserting before the period at the end of that paragraph a comma and the following: "except as otherwise provided in subsection (a) of this section", and

(4) by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively.

SEC. 110. Section 212 of the District of Columbia Use Tax Act (D.C. Code, sec. 47–2702) is amended by striking out the last sentence and inserting in lieu thereof the following: "The rate of tax imposed by this section shall be 4 per centum of the sales price of the tangible personal property or services rendered or sold, except that (1) the rate of tax with respect to sales of spiritous or malt liquors, beer, and wines, and sales of food for human consumption, other than off the premises where such food is sold, shall be 5 per centum of the sales price of such sales, and (2) the rate of tax with respect to sales of food for human consumption off the premises where such food is sold shall be 1 per centum of the sales price of such sales."

SEC. 111. The amendments made by this title shall take effect on the first day of the first month which begins on or after the thirtieth day after the date of enactment of this Act.

TITLE II—MOTOR VEHICLE EXCISE TAX

SEC. 201. Subsection (j) of section 6 of the District of Columbia Traffic Act, 1925 (D.C. Code, sec. 40–603(j)), is amended by striking out "3 per centum" and inserting in lieu thereof "4 per centum".

SEC. 202. The amendment made by this title shall take effect on the first day of the first month which begins on or after the thirtieth day after the date of enactment of this Act.

TITLE III—AMENDMENTS TO DISTRICT OF COLUMBIA CIGARETTE TAX ACT

SEC. 301. Subsection (a) of section 603 of the District of Columbia Cigarette Tax Act (D.C. Code, sec. 47–2802(a)) is amended by striking out "3 cents" and inserting in lieu thereof "6 cents".

SEC. 302. (a) Except as otherwise provided the amendment made by section 301 shall apply with respect to cigarette tax stamps purchased on or after the effective date of this title, which shall be the first day of the first month which begins on or after the thirtieth day after the date of the enactment of this Act.

(b) In the case of cigarette tax stamps which have been purchased prior to the effective date of this title and which on such date are held (affixed to a cigarette package or otherwise) by a wholesaler, retailer, or vending machine operator, licensed under the District of Columbia Cigarette Tax Act, such licensee shall pay to the Commissioner (in accordance with subsection (c)) an amount equal to the difference between the amount of tax represented by such tax stamps on the date of their purchase and the amount of tax which an equal number of cigarette tax stamps would represent if purchased on the effective date of this title.

(c) Within twenty days after the effective date of this title, each such licensee (1) shall file with the Commissioner a sworn statement (on a form to be prescribed by the Commissioner) showing the number of such cigarette tax stamps held by him as of the beginning of the day on which this title becomes effective or, if such day is a Sunday, as of the beginning of the following day, and (2) shall pay to the Commissioner the amount specified in subsection (b).

(d) Each such licensee shall keep and preserve for the twelve-month period immediately following the effective date of this title the inventories and other records made which form the basis for the information furnished to the Commissioner on the sworn statement required to be filed under this section.

(e) For purposes of this section, a tax stamp shall be considered as held by a wholesaler, retailer, or vending machine operator if title thereto has passed to such wholesaler, retailer, or operator (whether or not delivery to him has been made) and if title to such stamp has not at any time been transferred to any person other than such wholesaler, retailer, or operator.

(f) A violation of the provisions of subsection (b), (c), or (d) of this section shall be punishable as provided in section 611 of the District of Columbia Cigarette Tax Act (D.C. Code, sec. 47–2810).

TITLE IV—FEES FOR MOTOR VEHICLE REGISTRATION AND INSPECTION AND FOR MOTOR VEHICLE OPERATORS' PERMITS

SEC. 401. Section 2 of title IV of the District of Columbia Revenue Act of 1937 (D.C. Code, sec. 40–102) is amended—

(1) by striking out "$1" and "50 cents" in paragraph (3) of subsection (b) (relating to fees for duplicate registration certificates and identification tags) and inserting in lieu thereof "$2" and "$1", respectively;

(2) by striking out "$1" in paragraph (4) of subsection (b) (relating to fees for special use certificates and identification tags) and inserting in lieu thereof "$3";

(3) by striking out "ten days" in such paragraph (4) and inserting in lieu thereof "twenty days";

(4) by inserting immediately after "Commissioners" in such paragraph (4) the following: ", except that in the event such certificate and tags are necessary for use in complying with vehicle inspection regulations made pursuant to the authority contained in section 7 of the Act approved February 18, 1938 (D.C. Code, sec. 40–207), prior to completion of the registration of such vehicle or trailer, the fee shall be $2"; and

(5) by striking out "$1" each place it appears in subsection (d) (relating to fee for transfer of registration) and inserting in lieu thereof in each such place "$2".

SEC. 402. Section 3 of title IV of such Act (D.C. Code, sec. 40–103) is amended—

(1) by inserting immediately before the period at the end of subsection (a) (relating to registration fees) the following: ", and in the event the markings on any such tag are specially ordered by the person to whom the tag is to be issued and such markings are other than those in a regular series, a reservation fee of $25 and an annual fee of $10, in addition to all other fees which may be required, shall be charged for such specially ordered tag";

(2) by striking out "three thousand five hundred" in the paragraph designated "Class A" of subsection (b) (relating to registration fees for passenger motor vehicles) each place it appears and inserting in lieu thereof in each such place "three thousand four hundred", and by striking out "$22" and "$32" and inserting in lieu thereof "$30" and "$50", respectively;

(3) by striking out, in the paragraph designated "Class B" of subsection (b) (relating to registration fees for trucks, tractors, and certain commercial automobiles) "$40", "$44", "$52", "$60", "$68", "$74", "$84", "$96", "$122", "$142", "$172", and "$202", and inserting in lieu thereof "$53", "$59", "$69", "$80", "$91", "$99", "$112", "$128", "$163", "$191", "$229", and "$269", respectively;

(4) by striking out, in the paragraph designated "Class C" of subsection (b) (relating to registration fees for trailers), "$8", "$12", "$20", "$32", "$46", "$60", "$74", "$92", "$122", "$152", and "$182", and inserting in lieu thereof "$11", "$16", "$27", "$43", "$61", "$80", "$99", "$123", "$163", "$203", and "$243", respectively; and

(5) by striking out in subsection (d) (relating to division of registration fees between Highway Fund and General Fund) "sixty-four" and "seventy-four" and inserting in lieu thereof "forty-two" and "forty-seven", respectively.

SEC. 403. The first section of the Act entitled "An Act to provide for the annual inspection of all motor vehicles in the District of Columbia", approved February 18, 1938 (D.C. Code, sec. 40–201), is amended by striking out "$1" and inserting in lieu thereof "$3".

SEC. 404. Section 6 of the District of Columbia Traffic Act, 1925 (D.C. Code, sec. 40–603), is amended (1) by striking out "$5" in subsection (a) (relating to fee for restoration of suspended or revoked permits and privileges) and inserting in lieu "$10", and (2) by striking out "$1" in subsection (d) (relating to fees for titling and retitling) and inserting in lieu thereof "$5".

SEC. 405. Subsection (a) of section 7 of the District of Columbia Traffic Act, 1925 (D.C. Code, sec. 40–301(a)), is amended (1) by striking out "$3" in paragraph (1) (relating to fee for operator's permit) and inserting in lieu thereof "$12", and by striking out in such paragraph "three years" and inserting in lieu thereof "four years"; and (2) by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) In the event an operator's permit or a learner's permit issued under the authority of this section is lost or destroyed, or requires replacement for any reason other than through error or other act of the Commissioners not caused by the person to whom such permit was issued, such person may obtain a duplicate or replacement permit upon payment of a fee of $2."

SEC. 406. Section 3 of the Motor Vehicle Safety Responsibility Act of the District of Columbia (D.C. Code, sec. 40–419) is amended by inserting immediately before the period at the end of subsection (a) the following:

", including rules and regulations assessing reasonable fees to reimburse the District of Columbia for the cost of reinstating licenses and registrations suspended under the authority of this Act, such fees not to exceed the amount of $10 for the reinstatement of a license or registration, or both a license and registration".

SEC. 407. The amendments made by this title shall take effect on the first day of the first month which begins on or after the thirtieth day after the date of enactment of this Act.

TITLE V—AMENDMENTS TO THE DISTRICT OF COLUMBIA ALCOHOLIC BEVERAGE CONTROL ACT

SEC. 501. (a) Clause (1) of section 23(a) of the District of Columbia Alcoholic Beverage Control Act (D.C. Code, sec. 25–124(a)) is amended by striking out "15" and inserting in lieu thereof "20".

(b) Clause (2) of section 23(a) of such Act (D.C. Code, sec. 25–124 (a)) is amended by striking out "33" and inserting in lieu thereof "45".

(c) Clause (3) of section 23(a) of such Act (D.C. Code, sec. 25–124(a)) is amended by striking out "45" and inserting in lieu thereof "60".

(d) Clauses (4) and (5) of section 23(a) of such Act (D.C. Code, sec. 25–124(a)) are each amended by striking out "$1.75" and inserting in lieu thereof "$2.00".

(e) Section 23(c)(1) of such Act (D.C. Code, sec. 25–124(c)(1)) is amended by striking out the word "tenth" and inserting in lieu thereof the word "fifteenth."

(f) Section 40(a) of such Act (D.C. Code, sec. 25–138(a)) is amended by striking out "$2.00" and inserting in lieu thereof "$2.24."

(g) Section 40(a)(1) of such Act (D.C. Code sec. 25–138(a)(1)) is amended by striking the word "tenth" and inserting in lieu thereof the word "fifteenth".

SEC. 502. (a) Except as otherwise provided in this title, the amendments made by section 501 shall apply with respect to—

(1) wines, alcohol, and spirits imported or brought into the District of Columbia or manufactured, and

(2) beer sold or purchased for resale, on and after the effective date of this title, which shall be the first day of the first month which begins on or after the thirtieth day after the date of the enactment of this Act.

(b) In the case of alcohol, spirits, wines, and beer which have been purchased prior to the effective date of this title and which on such date are held by a holder of a retailer's license, issued under the District of Columbia Alcoholic Beverage Control Act, such licensee shall pay to the Commissioner (in accordance with subsection (c)) an amount equal to the difference between the amount of tax imposed by such Act immediately prior to the effective date of this title on the amount of alcohol, spirits, wines, and beer so held by him, and the amount of tax which would be imposed by the District of Columbia Alcoholic Beverage Control Act on such effective date on an equivalent amount of alcohol, spirits, wines, and beer.

(c) Within twenty days after the effective date of this title, each such licensee (1) shall file with the Commissioner a sworn statement (on a form to be prescribed by the Commissioner) showing the quantity of alcohol, spirits, wines, and beer held by him as of the beginning of the day on which this title becomes effective or, if such day is a Sunday, as of the beginning of the following day, and (2) shall pay to the Commissioner the amount specified in subsection (b).

(d) Each such licensee shall keep and preserve for the twelve-month period immediately following the effective date of this title the inventories and other records made which form the basis for the information furnished to the Commissioner on the sworn statement required to be filed under this section.

(e) For purposes of this section, alcohol, spirits, wines, and beer shall be considered as held by a holder of a retailer's license if title thereto has passed to such holder (whether or not delivery to him has been made) and if title has not at any time been transferred to any person other than such holder.

(f) A violation of the provisions of subsection (b), (c), or (d) of this section shall be punishable as provided in section 33 of the District of Columbia Alcoholic Beverage Control Act (D.C. Code, sec. 25–132).

TITLE VI—AMENDMENTS TO THE DISTRICT OF COLUMBIA INCOME AND FRANCHISE TAX ACT OF 1947

SEC. 601. Section 4 of title I of article I of the District of Columbia Income and Franchise Tax Act of 1947, as amended (61 Stat. 328, ch. 258; D.C. Code, sec. 47–1551c), is amended as follows:

(a) Paragraph (l) of said section is amended to read as follows:

"(l)(1) The words 'capital assets' mean property defined as a 'capital asset' under the Internal Revenue Code of 1954.

"(2) For the purpose of determining gain or loss from the sale or exchange of a capital asset all of the terms, definitions, rules, requirements, and limitations contained in the Internal Revenue Code of 1954 relating or applicable to the determination for any taxable year of a capital gain or capital loss for Federal income tax purposes shall be applicable for the purpose of computing for the same taxable year the tax imposed under this article."

(b) Paragraph (m) of said section is amended by striking the colon immediately preceding the first proviso of said paragraph, by inserting a comma in lieu thereof, and by adding after said comma the following: "except that in the case of any such distribution any part of which for purposes of the income tax imposed under the Internal Revenue Code of 1954 is deemed to constitute a capital gain, such part shall be deemed to constitute a capital gain for purposes of the tax imposed by this article."

(c) Paragraph (aa) of said section is hereby repealed.

(d) Said section is further amended by adding at the end thereof the following new paragraph:

"(a) The words 'Internal Revenue Code of 1954' mean the Internal Revenue Code of 1954, as amended, or as hereafter amended or revised."

SEC. 602. Title III of article I of the District of Columbia Income and Franchise Tax Act of 1947 is amended as follows:

(a) Section 2 of said title is amended as follows:

(A) Subsection (a) of said section (D.C. Code, sec. 47–1557a(a)) is amended by striking the words "other than capital assets as defined in this article", and inserting in lieu thereof the words "including capital assets as defined in this article".

(B) Subsection (b) of said section is amended as follows:

Paragraph (5) of said subsection is amended to read as follows:

"(5) COMPENSATION FOR INJURIES OR SICKNESS.—To the extent not otherwise specifically excluded from gross income under this title, amounts excluded from gross income under sections 104 and 105 of the Internal Revenue Code of 1954."

(C) Paragraph (11) is repealed.

(D) Paragraphs numbered (12), (13), (14), (15), (16), and (17), respectively, are renumbered as paragraphs (11), (12), (13), (14), (15), and (16), respectively.

(b) Section 3 of said title is amended as follows:

(A) Subparagraph (C) of paragraph (4) of subsection (a) of said section (D.C. Code, sec. 47–1557b(a)(4)(C)) is amended by striking the clause reading "That this subsection shall not be construed to permit the deduction of a loss of any capital asset as defined in this article.", and by inserting in lieu thereof the following:

"That, in the case of an individual, a loss described in this subsection shall be allowed only to the extent that the amount of loss to such individual arising from each casualty, or from each theft, exceeds $100. For purposes of the $100 limitation, a husband and wife making a joint return for the taxable year in which the loss is allowed as a deduction shall be treated as one individual."

(B) Paragraph (6) of subsection (b) of said section (D.C. Code, sec. 47–1557b(b)(6)) is repealed.

SEC. 603. Section 2 of title VII of the District of Columbia Income and Franchise Tax Act of 1947 (D.C. Code, sec. 47–1571a) is amended by adding at the end thereof the following new sentence: "The minimum tax payable shall be $25.00."

SEC. 604. Section 3 of title VIII of the District of Columbia Income and Franchise Tax Act of 1947 (D.C. Code, sec. 47–1574b) is amended by adding at the end thereof the following new sentence: "The minimum tax payable shall be $25.00."

SEC. 605. Title XI of article I of the District of Columbia Income and Franchise Tax Act of 1947 is amended as follows:

(a) Section 1 of said title is amended to read as follows:

"SECTION 1. BASIS FOR DETERMING GAIN OR LOSS.—The basis for determining the gain or loss from the sale or exchange or other disposition of property shall be the same basis as that provided for determining gain or loss under the Internal Revenue Code of 1954, except that where property having a proper higher or lower adjusted basis for District income or franchise tax purposes than for Federal income tax purposes prior to January 1, 1969, is sold or exchanged after January 1, 1969, the gain or loss from the sale or exchange of such property shall be computed on the basis of such higher or lower adjusted basis, increased or decreased by adjustments to basis properly allowable on and after January 1, 1969."

(b) Section 2 of said title is amended to read as follows:

"SEC. 2. COMPUTATION OF GAIN OR LOSS.—The gain or loss, as the case may be, from the sale or other disposition of property shall be determined in the same manner provided for the determination of gain or loss for Federal income tax purposes under the Internal Revenue Code of 1954, including the recognition of gain or loss."

(c) Section 3 of said title is repealed.

(d) Section 4 of said title is renumbered as section 3.

(e) Section 5 of said title is repealed.

(f) Section 6 of said title is renumbered as section 5, and as renumbered is amended to read as follows:

"SEC. 5. DEPRECIATION.—The basis used in determining the amount allowable as a deduction from gross income under the provisions of section 3(a)(7) of title III of this article shall be the same basis as that provided for determining the gain from the sale or other disposition of property for Federal income tax purposes under the Internal Revenue Code of 1954, except that this section shall not be construed to permit a deduction from gross income for taxable years commencing on and after January 1, 1969, of any amounts which, when added to amounts deducted or deductible (whether or not deducted) as depreciation for taxable years prior to January 1, 1969, would exceed the total amount which could be deducted from the basis of the property for Federal income tax purposes."

SEC. 606. (a) Title XII of article I of the District of Columbia Income and Franchise Tax Act of 1947 (D.C. Code, secs. 47–1586—47–1586n) is amended (1) by redesignating sections 14 and 15 as sections 15 and 16, respectively, and (2) by inserting after section 13 the following new section:

"SEC. 14. DECLARATIONS OF ESTIMATED TAX BY CORPORATIONS AND UNINCORPORATED BUSINESSES.—(a) DECLARATION OF ESTIMATED TAX.—Every corporation and unincorporated business required to make and file a tax return under this article shall make and file a declaration of estimated tax at such time or times and under such conditions, and shall make payments of such tax during its taxable year in such amounts and under such conditions, as the District of Columbia Council shall by regulation prescribe.

"(b) FAILURE BY CORPORATION OR UNINCORPORATED BUSINESS TO PAY ESTIMATED TAX.—(1) ADDITION TO THE TAX.—In case of any underpayment of estimated tax by a corporation or an unincorprated business, there shall be added to the tax for the taxable year an amount determined at the rate of 6 per centum per annum upon the amount of the underpayment (determined under paragraph (2) for the period of the underpayment (determined under paragraph (3))).

"(2) AMOUNT OF UNDERPAYMENT.—For purposes of paragraph (1), the amount of the underpayment shall be the excess of—

"(A) the amount of the installment which would be required to be paid if the estimated tax were equal to 80 per centum of the tax shown on the return for the taxable year or, if no return was filed, 80 per centum of the tax for such year, over

"(B) the amount, if any, of the installment paid on or before the last date prescribed for payment.

"(3) PERIOD OF UNDERPAYMENT.—The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier—

"(A) the 15th day of the fourth month following the close of the taxable year; or

"(B) with respect to any portion of the underpayment, the date on which such portion is paid.

For purposes of this paragraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under paragraph (2) (A) for such installment date.

"(c) OVERPAYMENT; CREDIT OF TAX.—Overpayment resulting from the payment of estimated tax for a taxable year in excess of the amount determined to be due upon the filing of a tax return for such taxable year may be credited against the amount of estimated tax determined to be due on any declaration filed for the next succeeding taxable year or for any deficiency or nonpayment of tax for any previous taxable year. No refund shall be made of any estimated tax paid unless a complete return is filed."

(b) That part of the table of contents of such article relating to title XII is amended—

(1) by inserting after the item relating to section 13 the following:

"Sec. 14. Declarations of estimated tax by corporations and unincorporated businesses.

"(a) Declaration of estimated tax.

"(b) Failure by corporation or unincorporated business to pay estimated tax.

"(1) Addition to the tax.

"(2) Amount of the underpayment.

"(3) Period of underpayment.

"(c) Overpayment; credit of tax.";

(2) by striking out "Sec. 14" and inserting in lieu thereof "Sec. 15"; and

(3) by striking out "Sec. 15" and inserting in lieu thereof "Sec. 16".

SEC. 607. Title XIV of said Act is amended as follows:

(a) Section 1 of said title is amended by repealing subsection (a) in its entirety, and by striking designation "(b)" in the following subsection.

(b) Section 7 of said title is amended to read as follows:

"SEC. 7. PENALTY FOR FAILURE TO OBTAIN LICENSE.—Any person engaged in or conducting a trade, business, or profession in the District of Columbia within the meaning of section 1 of this title without having obtained a license so to do, within the time prescribed by said section 1, shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined not more than $300 for each and every failure, refusal, or violation, and each and every day that such failure, refusal, or violation continues shall constitute a separate and distinct offense. All prosecutions under this section shall be brought in the District of Columbia Court of General Sessions on information by the Corporation Counsel or any of his assistants in the name of the District."

SEC. 608. The amendments made by sections 601, 602, 603, 604, and 605 of this title shall apply with respect to all taxable years beginning after December 31, 1968. The amendments made by section 606 of this title shall be effective with respect to taxable years beginning after December 31, 1969. The amendments made by section 607 of this title shall apply with respect to calendar years beginning after December 31, 1969.

SEC. 609. Nothing contained in this title shall be construed to have the effect—

(1) of increasing or decreasing the amount of District of Columbia income or franchise tax determined for any taxable year prior to January 1, 1969, or

(2) authorizing or requiring in the determination of District of Columbia income or franchise tax for any taxable year subsequent to January 1, 1969, the inclusion in gross income of any gain, or the deduction from gross income of any loss, from the sale or exchange prior to January 1, 1969, of any capital asset as defined in the District of Columbia Income and Franchise Tax Act of 1947 prior to the amendments made by this title.

TITLE VII—FEDERAL PAYMENT AUTHORIZATION

SEC. 701. Article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47–2501a and 47–2501b) is amended to read as follows:

"ARTICLE VI—FEDERAL PAYMENT

"SECTION 1. A regular annual payment (hereafter in this article referred to as the 'Federal payment') is authorized to be appropriated from revenues of the United States to cover the proper Federal share of the expenses of the government of the District of Columbia. The Federal payment, when appropriated, shall be paid into the General Fund. Subject to any adjustments required under section 3 for overpayments or underpayments, the Federal payment authorized by this article for each of the five fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, June 30, 1973, and June 30, 1974, shall be an amount equal to 30 per centum of the amount of District of Columbia fees, miscellaneous receipts, and tax revenues which the Commissioner estimates will be credited to the General Fund during such fiscal year and which is approved under section 2; except that for fiscal year 1970 such payment shall not exceed $120,000,000. Subject to any adjustments required under section 3 for overpayments or underpayments, the Federal payment authorized by this article for the fiscal year ending June 30, 1975, and each fiscal year thereafter shall be an amount equal to 30 per centum of the amount of District of Columbia fees, miscellaneous receipts, and tax revenues credited to the General Fund during the fiscal year ending June 30, 1974.

"SEC. 2. For each of the five fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, June 30, 1973, and June 30, 1974, the Commissioner shall estimate the amount of District of Columbia fees, miscellaneous receipts, and tax revenues that will be credited to the General Fund during such fiscal year. He shall submit such amount to the Bureau of the Budget with the regular budget of the District of Columbia for such fiscal years. The amount of such revenues and fees which is approved by the Director of the Bureau of the Budget shall be submitted to the Congress.

"SEC. 3. If the amount of the Federal payment appropriated in any of the five fiscal years ending June 30, 1970, June 30, 1971, June 30, 1972, June 30, 1973, or June 30, 1974, does not equal 30 per centum of the amount of District of Columbia fees, miscellaneous receipts, and tax revenues credited to the General Fund during such fiscal year, increased or decreased as may be necessary to reflect the amount of the adjustment made under this section to the Federal payment authorization for such fiscal year, the amount of the Federal payment authorization for the second fiscal year beginning after such fiscal year shall—

"(1) if such Federal payment appropriation exceeded 30 per centum of such fees, miscellaneous receipts, and tax revenues (so increased or decreased), be reduced by the amount of such excess; or

"(2) if such Federal payment appropriation was less than 30 per centum of such fees, miscellaneous receipts, and tax revenues (so increased or decreased), be increased by the amount by which such appropriation was lower.

"SEC. 4. For purposes of this article—

"(1) The term 'Commissioner' means the Commissioner of the District of Columbia.

"(2) The term 'General Fund' means the General Fund of the District of Columbia in the Treasury of the United States.

"(3) The term 'miscellaneous receipts' does not include any amounts derived from grants or loans from the Federal Government to the District of Columbia."

SEC. 702. This title may be cited as the "District of Columbia Federal Payment Authorization Act of 1969".

SEC. 703. For the purpose of reimbursing the District of Columbia for revenues lost by it during that part of fiscal year 1970 preceding the date of the enactment of this Act, there is authorized to be appropriated, in addition to any other amounts authorized by this title for such fiscal year, to the District of Columbia government the sum of $8,500,000 which shall be credited to the general fund of the District of Columbia. The payment authorized by this section shall not be considered for purposes of determining the amount of the Federal payment for such fiscal year authorized by article VI of the District of Columbia Revenue Act of 1947.

TITLE VIII—GENERAL PROVISIONS

SEC. 801. No funds may be appropriated for any fiscal year under article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47–2051a—47–2501b) until the President of the United States has reported to the Congress that (1) the District of Columbia government has begun work on each of the projects listed in section 23(b) of the Federal-Aid Highway Act of 1968 and has committed itself to complete those projects, or (2) the District of Columbia government has not begun work on each of those projects, or made or carried out that commitment, solely because of a court injunction issued in response to a petition filed by a person other than the District of Columbia or any agency, department, or instrumentality of the United States.

SEC. 802. Section 401(2) of the District of Columbia Revenue Act of 1968 (D.C. Code, sec. 31–1118) is amended (1) by striking out "and (B)" and inserting in lieu thereof ", (B)", and (2) by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and (C) any individual who, as part of a program approved by an educational agency having jurisdiction over an elementary or secondary school located outside the District of Columbia, is voluntarily enrolled in such school.".

SEC. 803. Except as otherwise provided in this title, nothing in this Act, or any amendments made by this Act, shall be construed to affect the authority vested in the Commissioner of the District of Columbia or the authority vested in the District of Columbia Counci by Reorganization Plan Numbered 3 of 1967. The performance of any function vested by this Act in the Commissioner of the District of Columbia or in any office or agency under his jurisdiction and control, or in the District of Columbia Council, may be delegated by the Commissioner or by the Council, as the case may be, in accordance with the provisions of such Plan.

SEC. 805. (a) The repeal or amendment by this Act of any provision of law shall not affect any other provision of law, or any act done or any right accrued or accruing under such repealed or amended law, or any suit or proceeding had or commenced in any civil cause before repeal or amendment of such law; but all rights and liabilities under such repealed or amended law shall continue, and may be enforced in the same manner and to the same extent, as if such repeal or amendment had not been made.

(b) All offenses committed, and all penalties incurred, under any provision of law repealed or amended by this Act, may be prosecuted and punished in the same manner and with the same effect as if this Act had not been enacted.

Mr. EAGLETON. Mr. President, the bill before the Senate today would provide an estimated $61.6 million in additional revenue for the District of Columbia Government to help finance increased costs and workloads of existing programs and enable the District to develop urgently needed new services. More than half of the total—$32.5 million—would be derived from expanded local taxes and fees. The bill also calls for a $30 million increase in the Federal payment to the District to help defray costs associated with the Federal presence in the District.

Like all major cities in this country, the District is caught in a squeeze between rising costs and expanding needs. About 75 percent of what is recommended in this bill is required to maintain existing levels of Government service. That leaves only a small fraction to apply against the enormous demands for new programs which must be met if we are to have any hope of rejuvenating the city.

The Nation's Capital occupies a special place among American cities not only because it is the political center of the Nation, but also because it is the showcase of our determination to begin doing something about the urban crisis. If we are unwilling or unable to meet the challenge here, then it may be fairly asked what hope is there for the rest of the Nation.

The Senate District of Columbia Committee recognizes the need to economize and to eliminate inefficiencies and waste in the District government. We cannot afford to squander our resources when the task before us is so great and so urgent. But, by the same token, the committee believes it would be a tragic mistake to spend millions of dollars for a war on crime and fail to support the city in its efforts to eliminate the conditions which breed crime and unrest. An anti-crime program which puts more policemen on the streets but which does little to improve the court and correctional systems to provide drug prevention and treatment facilities, or to make available new educational opportunities, is unlikely to have more than temporary results.

It is the committee's purpose in this bill to provide the District of Columbia Government with revenue sources adequate to finance the kind of broad-range approach to these problems that is so clearly called for.

The committee's report contains a comparative summary of District of Columbia requests and House and Senate bills. Briefly, however, the Senate has reduced District of Columbia requests by some 10 percent or $6.4 million, but it substantially increases the House-passed figure—by more than $22 million.

Other major differences between House and Senate bills include the following:

First. As it has many times in the past, the committee is recommending that the Federal payment authorization be fixed at 30 percent of local tax revenues which is credited to the District general fund. It is the committee's view that a normal payment of this kind would provide a more equitable Federal contribution to the District than is now the case. It would allow the payment to grow proportionately with local tax revenues and enable the District Government to plan its programs in a more reasonable and orderly fashion. This does not mean, however, that the District would receive an automatic Federal payment each year. The payment would still have to be acted upon by the appropriations committees of the House and Senate and approved by Congress.

Second. In addition to this annual payment, the committee is recommending a special payment of $8.5 million to avoid an unintended reduction of District revenues because the District will not be able to collect the taxes authorized in the bill on an annual basis. A figure of $8.5 million represents what will be lost in local revenues plus what would be lost in the Federal payment based on a 30 percent summary, assuming the bill passed by September 30, this of course, was not the case, so the figure in this bill was roughly $2 million lower than it should be.

Third. The committee has deleted from the House-passed bill a restriction which would have held employment to June 30, 1969 levels and allowed the District Government to fill only 3 out of 4 future vacancies. The committee notes that a similar restriction on Federal employment was rescinded by Congress this year on grounds that it would not achieve its purpose and that it led to administrative confusion. The same would appear to be true of this personnel freeze. It is the committee's view that the proper and most effective way of limiting employment is through the appropriations process. Without appropriation funds to pay additional personnel, they cannot be hired.

Fourth. In accepting unchanged the House-passed freeze on the Federal payment until the District of Columbia has committed itself to full compliance with the Federal-Aid Highway Act of 1968, the committee believes that it has taken every reasonable step to remove obstacles to the release of authorized subway funds.

Section 801 of title VII would withhold the appropriation of any part of the authorized Federal payment to the District until the President has reported to Congress that the city has committed itself irrevocably to full compliance with the provisions of section 23(b) of the Federal-Aid Highway Act of 1968. This section directs the District to construct four elements of the Federal Interstate Highway System: First, the Three Sisters Bridge, part of Interstate 66; second, Potomac River Freeway, part of Interstate 66; third, the center leg of the inner loop, part of Interstate 95; and fourth, the east leg of the inner loop, part of Interstate 295. The District government is also required by the act to conduct a study of the proposed North Central Freeway.

The provision makes clear, however, that the Federal payment shall not be withheld if the District is prevented from carrying out its commitment solely because of a court injunction resulting from a suit filed by persons other than the District of Columbia or Federal Government. The committee feels strongly that governmental policy should not be hamstrung by the actions of persons who, for reasons of their own, may choose to file suit to block construction of highways or subways. Transportation policy in the Nation's Capital is too vital a matter to be left to such chance and possibly irresponsible actions.

The committee believes that enactment of this provision, will make it possible to begin construction this year of the long-delayed rapid rail transit system. We believe that both highways and subways will be required to meet the transportation needs of the Washington area and that construction of both should proceed as rapidly as possible.

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

Mr. EAGLETON. I yield.

Mr. BIBLE. Mr. President, I rise to compliment the Senator from Missouri for the excellent and painstaking work he has done on this revenue bill.

At one time, some years ago, I had the honor of being the chairman of the Subcommittee on Fiscal Affairs of the Committee on the District of Columbia, and I am familiar with the work and problems it entails. It is not an easy matter to work out the taxes. No one likes taxes, and they are all for them so long as their own bailiwick is not being taxed. In coming out with a bill which it seems to me comes closer to meeting the actual requirements of the District of Columbia than the House bill is a real task in itself.

I know there were long extended hearings. I know that the Senator from Missouri was very fair. His subcommittee heard all sides—those who were opposed, those who wanted to increase, and those who wanted to decrease various revenue features.

I commend him for the fine report he has brought in. I am in full accord with it. I believe the bill is reported unanimously by the Committee on the District of Columbia. Am I correct?

Mr. EAGLETON. The Senator is correct.

Mr. BIBLE. It is a real tribute to have a revenue bill, which is a tax bill, unanimously reported.

I thoroughly concur in the recommendation that the Senator from Missouri has made insofar as it concerns the long struggle between the highways, freeways, and subways. I think he has come up with the only practical conclusion that could be made in this field. In that area I likewise wish to compliment the chairman of the full committee, the Senator from Maryland (Mr. TYDINGS) who gave his strong influence and strong voice in bringing these particular parties together in the hope that we can get something done and get on with the transit system. I feel sure this measure will get us started.

Mr. President, I compliment the Senator from Missouri.

Mr. EAGLETON. I appreciate the kind comments of the Senator from Nevada (Mr. BIBLE) who perhaps is more knowledgeable and more concerned with the problems of the District of Columbia than anyone else in this body and who has labored at great length in trying to alleviate the problems of the city. I appreciate his comments.

Mr. TYDINGS. Mr. President (Mr. ALLEN in the chair), will the Senator yield?

Mr. EAGLETON. I yield.

Mr. TYDINGS. Mr. President, I would like to associate myself with the remarks of the distinguished Senator from Nevada. I might say it is a great consolation for those of us on the Committee on the District of Columbia that the Senator from Nevada still consents to serve on that committee, because his experience and wisdom are a great asset when we take up matters of such importance as the Revenue Act of the District of Columbia.

This particular legislation—which I believe is the second major piece of legislation the distinguished senior Senator from Missouri has managed on the floor of the Senate in the last 2 weeks—is a major achievement for the Senator from Missouri. He had a number of difficult areas to tackle in connection with the bill. This is one of the most comprehensive pieces of revenue legislation which has been presented to Congress by any committee. As the Senator from Nevada stated, it will come closer to dealing with the problems of the District than any other piece of District of Columbia revenue legislation on which I have been called upon to vote.

The Senator from Missouri has taken a very difficult, and I might say highly volatile issue, working out the disagreements between those who are willing to sacrifice the subway if they can stop roads and those who, for one reason or another, have almost intractable positions on the issue of roads and subway. I think he has worked out a piece of legislation which will move construction of the Washington metropolitan area subway system forward and insure continuation of a balanced transportation system for the Washington metropolitan region.

Of course, I think this is the vital move if we do not wish the District of Columbia, our National Capital, to become another Los Angeles.

I would like to join with the Senator from Nevada in commending the Senator from Missouri on the splendid job he did as chairman of the Subcommittee on Finance of the District of Columbia in holding the hearings, listening to the witnesses, resolving the problems and the differences, and reporting what I think is a very fine revenue bill.

Mr. EAGLETON. Mr. President, I thank the Senator.

I have had a great deal to say on this matter. I am pleased now to yield to the Senator from Kentucky. I think he has an observation to make.

Mr. COOPER. Mr. President, I am not so familiar with the problems and operations of the District of Columbia, certainly, as are the members of the Senate Committee on the District of Columbia. From what I have heard here today I commend the Senator from Missouri (Mr. EAGLETON), the Senator from Maryland (Mr. TYDINGS), and, of course, the Senator from Nevada (Mr. BIBLE). They have worked with these matters for a long time.

I had intended to offer an amendment to strike section 801 from the bill now before the Senate, H.R. 12982, the District of Columbia Revenue Act of 1969. I will not do so, because the Senate committee has approved the provision and I think it would probably be useless at this time, late on a Friday afternoon, to attempt to strike out section 801. And I will not do so, frankly, because such concern has been expressed that striking section 801 might cause difficulties with the House of Representatives in the conference, which conceivably could affect the decision that has been made to release funds for the rapid transit system. As I said, I do not have detailed information about the needs of this great capital, the District of Columbia, but I am sure that it does need a rapid transit system.

However, I would not be honest with myself, or with other Senators who feel as I do, if I did not question section 801. That section was placed in the bill, as I understand, by the House of Representatives; it was not the work of the Senate District Committee. Although it will be approved by the Senate as a part of this bill, we should question its effect and the precedent which it could establish.

My interest in this question grew out of our consideration of the Federal-Aid Highway Act of 1968. That was a very broad and comprehensive measure, containing the biennial highway authorizations for every State in the Nation. It was developed in chief by the Committee on Public Works, under the leadership of the distinguished Senator from West Virginia (Mr. RANDOLPH). It included also a number of new provisions, such as the "topics" program to improve traffic flow and safety within cities, a section for relocation payments and assistance, and other provisions that will be helpful within cities and throughout our country.

We then went to conference with the House Committee on Public Works, and to our amazement found a section in the House bill in which the House of Representatives, and the Committee on Public Works of that body, arrogated to themselves the position of engineers and asserted an authority to take over the functions of the Bureau of Public Roads and of the local government of the city of Washington.

There has been a great deal of discussion and controversy about the highway system in the District of Columbia. I am not familiar with all the details or all the merits of these highway proposals. But under our system, the States and the local communities plan and lay out a system of roads, following public hearings; then the Federal Bureau of Public Roads examines that plan and system to determine if it meets the Federal law and regulations. But initially, the determination must be made by the local government, whether it be a State or the District of Columbia. That is the law. Title 23 of the United States Code, dealing with Federal aid to highways, makes that clear. It is also the law of the District of Columbia.

For the first time, in the House bill last year, we had Congress arrogating to itself the authority to determine where roads and streets should be laid down by a local government. If that had been proposed for the State of Kentucky, the State of Montana, or the State of Missouri, of course, the Congress would not accept it.

All that is past now, and as we know the appropriate authorities evidently decided that this highway system must be commenced before funds would be released for the transit system. One is my good friend and colleague from Kentucky, Representative NATCHER. Although we are on opposite sides politically, I have found him throughout my experience to be an honorable man and an able man. I have no criticism to make of him, because I am sure that he was working, the best way he could, the will of the House of Representatives.

That has passed. As I understand, an agreement has been reached that the subway funds will be released. The highway construction is going forward. There may be court proceedings, but the political decision has been made.

Mr. President, I now turn to the pending bill and I note, under title VIII—general provisions, section 801 beginning on page 55 at line 16. The section provides:

> No funds may be appropriated for any fiscal year under article VI of the District of Columbia Revenue Act of 1947 (D.C. Code, secs. 47–2051a—47–2501b) until the President of the United States has reported to the Congress that (1) the District of Columbia government has begun work on each of the projects listed in section 23(b) of the Federal-Aid Highway Act of 1968 and has committed itself to complete those projects, or (2) the District of Columbia government has not begun work on each of those projects, or made or carried out that commitment, solely because of a court injunction issued in response to a petition filed by a person other than the District of Columbia or any agency, department, or instrumentality of the United States.

I do not think it necessary for me to describe those projects listed in section 23(b) of the Federal-Aid Highway Act

of 1968, but it does refer to the Three Sisters Bridge, the Potomac River Freeway, and the center and east legs of the inner loop.

Mr. President, what I object to is this second act of coercion on the part of the House. Last year, after having usurped in section 23 the authority of local government—as they can do, if they want to do it that way, because of the nature of the Highway Act embracing all the Federal-aid highway projects in the United States—they imposed their will upon the conference, and upon the Senate and the House, by force, in effect, laying down the assertion that the Congress can impose highways upon a local body.

Then having been successful in that venture, and having been able to secure commencement of the highway projects by withholding the rapid transit funds, now the House comes again to the Senate and says, "We will appropriate no Federal payment to the District of Columbia until the President of the United States certifies that these roads are begun and will be completed."

I think that is going too far. It is coercion. I understand the difficult circumstances under which the Senate committee has had to labor, but I want to register my opposition, as I did last year, to one body or both bodies coercing a local government in a direct way, as it evidently did in the bill last year, or in an indirect way, as is attempted here, by threat of withholding the Federal payment to the District of Columbia.

It is improper. I have stated my views about it—last year, last Friday in a colloquy with the Senator from Wisconsin (Mr. PROXMIRE), on Monday when I introduced the amendment to strike section 801 from this bill, and on other occasions. I will not belabor the point now.

I would hope that the committee would consider accepting a small amendment. As I said in the Senate on September 29, I think it demeaning to the District of Columbia government and offensive to the ideal of home rule to require the President of the United States to become a party to this threat.

Mr. President, I send to the desk an amendment, which reads, "On page 55, line 19, strike out the words 'President of the United States' and insert in lieu thereof 'Secretary of Transportation.'"

The PRESIDING OFFICER. The amendment will be stated by title.

The LEGISLATIVE CLERK. The Senator from Kentucky proposes an amendment, on page 55, line 19, strike out the words "President of the United States" and insert in lieu thereof, "Secretary of Transportation."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky.

Mr. EAGLETON. Mr. President, if I may respond briefly to the Senator from Kentucky, first of all, let me say that in his usual and customary way, the senior Senator from Kentucky is a man of complete fairness and complete candor. He has a sympathetic feel for problems and issues that go far beyond the State he represents. I think that the District of Columbia should be proud that the senior Senator from Kentucky (Mr. COOPER) has interested himself in the vital affairs of this community.

Mr. MANSFIELD. Mr. President, will the Senator from Missouri yield?

Mr. EAGLETON. I yield.

Mr. MANSFIELD. Mr. President, I want to say that I am in full accord with what the distinguished senior Senator from Kentucky has just said. Like him, I am hopeful that no move will be undertaken this afternoon by way of not realizing the reality and practicality of the situation. It appears that the net result would be to make a difficult situation worse. That is one thing which we do not want to do.

I want the RECORD to show that I am in wholehearted accord with what the distinguished senior Senator from Kentucky has said this afternoon. I wish to emphasize the fact that had methods been used against our respective States which have been used against the District of Columbia, the roof of the Capitol would probably blow off and we would find a great many Senators working hand in glove with their colleagues to make sure that the rights of their States were protected, and that the Federal Government is not dictating to us. That is all I have to say.

Mr. TYDINGS. Mr. President, will the Senator from Missouri yield?

Mr. EAGLETON. I yield.

Mr. TYDINGS. Mr. President, although I do not agree in every particular with the distinguished senior Senator from Kentucky on this matter, I should like to take this occasion to commend him for his interest, his vigilance, and his diligence in matters which, as the Senator from Missouri just indicated, extend far beyond the great State of Kentucky.

I appreciate his patience and cooperation in understanding the problems of the District of Columbia Committee, and assure him of my high esteem, which I have stated many times before.

Mr. EAGLETON. Mr. President, I was in the process of responding to the Senator from Kentucky. Now I wish to complete that response.

I also make reference to what the majority leader said. I think that both these fine Senators express their interest in matters which are of concern not only to them but also to the seven Senators who are on the District of Columbia Committee.

Had this bill originated in the Senate, perhaps the methodology, the phraseology, and the manner of approaching this matter of transit and transportation in the District of Columbia might not have been approached in somewhat this manner. But that was not the case. The bill was before our committee and is now before the Senate as it came over from the House. Regardless of the phraseology, regardless of the end result, at present it appears that we are going ahead with both the transit system and the accelerated highway program.

To me, as one who is not an expert on District of Columbia affairs, but as one who has spent his entire life in an urban center comparable to the District of Columbia, comparable in location as far as suburbia is concerned, and so on—namely, the city of St. Louis—it seems to me we will need both an adequate and safe highway system and a functional and meaningful transit system as well. That is apparently going to be the end result. Thus, looking to that result and passing over the method by which it was achieved and the lines in a particular bill, to me it is the result that counts in this instance, and I am glad of that result.

Now speaking directly to the amendment offered by the Senator from Kentucky, the President of the United States has been and continues to be part of this matter. I have before me, and I shall insert in the RECORD by unanimous consent, if I may, a letter dated August 12, 1969, from the White House, which is addressed to the chairman of the District of Columbia Subcommittee of the House Appropriations Committee, in which the President points out his awareness of this problem, and indeed his support of the concept of building both the transit system and the highway system and, in essence, his support for the language the Senator from Kentucky referred to in section 801.

So I would say to the Senator from Kentucky that, since the President has already played a role in this matter, since he has already been directly consulted, since he has already, both orally and in writing, expressed his sentiment with respect thereto, I deem that it would come as no shock to him, nor would it be demeaning to him, that he lend some further approving assistance, which is all that the section calls upon him to do.

Mr. President, reluctantly, but respectfully, I oppose the amendment offered by the Senator from Kentucky.

I ask unanimous consent that the letter to which I have referred be incorporated in the RECORD.

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

THE WHITE HOUSE,
Washington, August 12, 1969.

DEAR BILL: Your diligent efforts through the years to ensure that the District of Columbia will enjoy a balanced transportation system are very much appreciated by all of us who are concerned with the welfare of our Capital City. As you know, I have previously expressed my desire that a fair and effective settlement of the issues involved in the transportation controversy be reached to serve the interests of all those concerned—central city dwellers, suburbanites, shoppers, employees and visitors. It is my conviction that those steps necessary for a fair and effective settlement have been taken.

The City Council of the District of Columbia has now voted in favor of a resolution to complete the requirements of a Federal Aid Highway Act of 1968. Immediately thereafter, the Commissioner of the District of Columbia directed the Department of Highways to implement immediately the requirements of the Act. The Secretary of Transportation has directed the Federal Highway Administrator to rescind the letter of his predecessor dated January 17, 1969, thus placing these projects back into the Interstate System. Furthermore, the Federal Highway Administrator has been directed to work closely with the Highway Department of the District of Columbia in order to continue work until completion of all projects and the study called for in the Federal Aid Highway Act of 1968. I trust that these actions will fulfill the criteria

which you set forth in your statement of August 11, 1969.

The District of Columbia Government is firmly committed to completion of these projects as the Federal Aid Highway Act of 1968 provides. I join the District of Columbia Government in that commitment, and I have directed the Attorney General and the Secretary of Transportation to provide assistance to the Corporation Counsel of the District of Columbia to vigorously defend any lawsuits which may be filed to thwart the continuation of the projects called for by the Act.

A balanced transportation system is essential for the proper growth and development of the District of Columbia. I hope that this evidence of tangible progress would permit us to assure the citizens of the District of Columbia that your Subcommittee will be in a position to approve the $18,737,000 deleted from the Supplemental Appropriation bill together with the $21,586,000 in the Regular Appropriation bill for the District of Columbia for Fiscal Year 1970.

With cordial regards.

Sincerely,

RICHARD NIXON.

Mr. COOPER. Mr. President, I shall not press the amendment, nor shall I call for a vote on it.

I do not wish to appear to be meddling in this situation. My interest in it grew from a very legitimate responsibility. I serve on the Public Works Committee. I am the ranking Republican member of that Senate committee. I help develop the Federal-Aid Highway Acts, which have been passed every 2 years. I resented very much, and I opposed very strongly, the proposition that in the case of the District of Columbia, the established procedures and uniform application of law could be bypassed.

The Federal-aid highway law provides, with respect to every State, that it shall lay out and determine its road system in accordance with local comprehensive planning, following public hearings. In my State, and I assume in every other State, there is a State highway department. The State highway department lays out a proposed road system. It holds hearings before which the people appear. It consults with local people. Then it submits for approval a road system. The function of the Bureau of Public Roads is to see that these roads meet Federal standards.

What I objected to last year, and the reason I voted against the conference report on the Federal-Aid Highway Act of 1968, and spoke against it in the Senate, was that the regular procedures required by Federal law and the procedures required under District of Columbia law were being completely ignored. This city had not approved that road system. The then Secretary of Transportation, Mr. Alan S. Boyd, said before our committee that he opposed it. He pointed out the evils that would result if the system were completed. That was the judgment of the people and officials of the District of Columbia.

But then, the House and the Congress, as can be seen from reading the statement of the managers on the part of the House in the conference report, thrust this highway system down the throats of the people of the city of Washington.

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

Mr. COOPER. Let me finish first. Then I will yield.

That result seemed to have considerable support. The great metropolitan newspapers here did not oppose that action. So it was accepted, and now we are faced with the consequences.

I am not now trying to reopen what is past. I simply say it is a specter which could haunt us in the future. It upsets every ideal of the home rule concept—a concept upon which the Senate acted only yesterday. It upsets every concept of responsible local government, whether in the District of Columbia or throughout the Nation.

After the issue has been apparently settled, we now have this second offensive provision, which says, "If you do not go ahead with this road system, we will withhold all Federal funds from the District of Columbia, not only in this bill but hereafter." It is coercion. It is a club over the heads of the government of this city.

I certainly would not want such a thing to happen in my State. As I have said, I am a member of the Public Works Committee. I do not want to see such a provision in any bill that comes before us. That is the reason I have spoken.

I do not press my amendment. I think Senators understand the situation. I thank the Senator.

Mr. EAGLETON. I thank the Senator from Kentucky.

Mr. COOPER. Mr. President, I ask unanimous consent that the remarks I made in the Senate on this subject last year, on July 29, which include the letters from Secretary Boyd and Mayor Washington, be placed in the RECORD.

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

[Excerpt from debate on Senate passage of conference report: S. 3418, Federal-Aid Highway Act of 1968, CONGRESSIONAL RECORD, volume 114, part 18, pages 24033 through 24036.]

Mr. President, my final objection to the action of the conference is to that section which deals with the District of Columbia highway system.

In effect, the section directs the District of Columbia government and the Department of Transportation to construct within the District of Columbia certain projects on the Interstate Highway System.

We must get this matter clear. These are projects on the Interstate and Defense Highway System. They are multilane freeways within this city, massive and wide, with interchanges and access and exit ramps, and of limited access—which means they must be elevated or have overpasses to accommodate intersecting streets.

The first project is the Three Sisters Bridge across the Potomac River. Second, is the Potomac River Freeway, which I understand would be the leg from the Three Sisters Bridge, driving down into Georgetown and along the Georgetown waterfront. Third, is the east leg which, as I recall, continues the Southeast Freeway—already completed from the 14th Street Bridge eastward to a point south of the Capitol—east to and along the Anacostia River up to the East Capitol Street Bridge at the District of Columbia Stadium.

The conference directs that one east leg shall be constructed to the East Capitol Street Bridge, then beyond it past the Benning Road Bridge to Bladensburg Road. It also provides for what is known as the center leg in front of the Capitol, which shall be completed to New York Avenue.

First, on the merits, this section of the House bill is opposed by Mr. Boyd, the Secretary of Transportation. In response to my inquiry, I have a copy of his letter, addressed to the chairman of the committee which opposes construction of this system with the exception of the center leg to New York Avenue and of the east leg as far as the East Capitol Street Bridge. He particularly cites reasons against the construction of the Three Sisters Bridge.

In his testimony before the House committee, Secretary Boyd pointed out the fact that construction of the Three Sisters Bridge and the Potomac Freeway leads to nowhere, and if the tunnel should be built under the Lincoln Memorial, the Mall and the Tidal Basin it would be like a cannon shooting traffic into the Southwest Expressway, which is already trafficbound.

Mr. President, I ask unanimous consent that the letter from Secretary Boyd be included in the RECORD at this point. I ask also that a copy of the letter from the government of the District of Columbia, dated July 6, 1968, be included in the RECORD at this point.

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

"OFFICE OF THE SECRETARY
OF TRANSPORTATION,
"Washington, D.C., July 19, 1968.

"Hon. JENNINGS RANDOLPH,
"Chairman, Senate Public Works Committee, U.S. Senate, Washington, D.C.

"DEAR MR. CHAIRMAN: Senator John Sherman Cooper called me early this week and asked me for information and my views upon the Interstate Highway System within the District of Columbia proposed to be constructed in the House version of the Federal Aid Highway Act of 1968.

"I testified on this subject before the House Roads Subcommittee and as I am answering Senator Cooper, I feel it is my responsibility to give you, as Chairman of the Senate Committee, my views.

"Senator Cooper asked me particularly for my views as to whether or not major problems would be encountered in the construction of the East Leg and the Center Leg.

"As regards the East Leg it is my understanding that no major problems would be encountered in its construction northward as far as the East Capitol Street Bridge.

"With respect to the Center Leg, there are important reasons why construction, cannot, at this time, proceed beyond New York Avenue. It is true that completion of the highway to Brentwood Road, N.E. would provide a usable road segment extending from the Southwest Expressway to Brentwood Road which would not prejudice future decisions to construct either a North Central Expressway or an expressway along New York Avenue. At some point along the Center Leg, however, an interchange will be required with the proposed North Leg. I have been advised by the District of Columbia Government that, because of the interchange problem, until a decision is made as to the location and design of the North Leg, construction of the Center Leg north of New York Avenue is not feasible. Accordingly, the District Government believes, and I concur in its position, that it would not be desirable, at this time, to legislate construction of the Center Leg beyond New York Avenue.

"With respect to the remaining elements of the Interstate System in the District, I do not think I should comment in detail on each project. In fact, during our investigation into the District highway program it has become obvious to us in the Department that it is not possible to make useful summary judgments about any of the projects individually. They must be viewed as parts of a system, the entirety of which—and not its individual components—must be designed so as to best meet the requirements of the

city and the region. My position on two of the more controversial proposed projects illustrates, I think, the difficulties of viewing each project in isolation.

"The proposed South Leg tunnel is a case in point. As you know, this facility would funnel its traffic onto the Southwest Expressway, which is already overcrowded at peak hours and which was not designed with a South leg in mind. Because of this, and in view of the complexity of the interchanges would require in the Fourteenth Street area, I continue to believe that the South Leg is inordinately expensive relative to the benefits that would be realized from it. Attempting to graft it into the system would create more problems than it would solve, and I do not think it is a wise use of Federal funds.

"It appears to me that on no issue is the record more misinterpreted than in the case of the Three Sisters Bridge. There is no doubt that the construction of that facility poses serious questions with respect to its impact upon the environment. Leaving that aside, however, I think too little attention has been paid to its role as a link in the highway network of the metropolitan area. As I have said before, to construct the Three Sisters Bridge without at the same time making provisions for a North Leg, and an adequate downtown distribution system is to transfer a traffic jam from one side of the Potomac to the other. Construction of the Three Sisters Bridge as an isolated project will serve little purpose. It is for this reason that I maintain that the District Government must be allowed the flexibility to design and construct, as a package, a system for movement across the Potomac and along the waterfront and for both through movement and circulation in the downtown business district. I do not, therefore, think it would be desirable to require by statute construction of the Three Sisters Bridge.

"Finally, Senator Cooper asked about the assumptions made with respect to Potomac River crossings in the planning for Dulles Airport. I am enclosing a summary report on the assumptions that were made with respect to access from the District of Columbia to the airport. This summary is the result of a thorough investigation of the record of the public hearings held in 1958 on the airport and other relevant documents prepared during the planning process. It indicates conclusively that location of Dulles Airport at its present site was in no way based upon an assumption the Three Sisters Bridge would be constructed.

"If there is any further information that I can supply, please let me know.

"Sincerely,

"ALAN S. BOYD.

"Enclosure.

"GOVERNMENT OF THE DISTRICT OF COLUMBIA, EXECUTIVE OFFICE,
"Washington, D.C., July 6, 1968.

"Hon. JENNINGS RANDOLPH,
"Chairman, Senate Public Works Committee, U.S. Senate, Washington, D.C.

"DEAR MR. CHAIRMAN: It was a great disappointment to the Mayor-Commissioner and the members of the City Council to learn that the House of Representatives, on July 3, passed H.R. 17134, including a section which requires the District of Columbia to build a freeway system in accordance with a predetermined master plan. It is our feeling that the transportation system within an urban community, especially the Nation's Capital, should be decided by the local government after an expression by the citizens of the community.

"The Mayor-Commissioner and City Council submitted, as the official position of the District Government, a provision which would have permitted the City Council, with the approval of the Mayor-Commissioner, to determine the highway pattern within our city. The language in the submittal of April 18 to the Honorable George H. Fallon, Chairman of the House Committee on Public Works, in part, provided:

"The Government of the District of Columbia believes that any legislation designed to overcome the effects of the court decision referred to above should include provisions to assure more meaningful citizen participation in the planning of Federal aid highways. Such citizen participation can best be assured if the final authority to determine the highway system to be built within the city rests with the District of Columbia Council as the body most responsive to the wishes and needs of the community. The deliberations and actions of the Council must, of course, adequately consider the views of the people who live in the city, as well as the professional expertise of the highway planners, and the recommendations of the National Capital Planning Commission. Accordingly, the Government of the District of Columbia believes that the final responsibility for the plan and general design of the city's highways should rest with the Council.

"In order to be free to exercise such responsibility the District Government must recommend against the enactment of H.R. 1600. Rather, we believe, the Council should be able to adopt a plan for the location, character, and extent of the District's highway system as well as approve individual highway project plans concerning alignment and design. Since much work has already been completed concerning alternative designs for various highway projects, the Council should be able, if it chooses, to consider various individual project designs at the same time it adopts an overall plan. Such simultaneous consideration on portions of the system could, in fact, facilitate more meaningful citizen participation and provide an effective solution to the city's transportation problems.

"The action of the House of Representatives would remove self-determination from our city government's authority. It is also regrettable that Congress would direct that a specific freeway system be built in *any* of the urban centers of our country.

"We respectfully urge that the House of Representatives and the Senate review this provision in conference and *remove* the mandate for a specific system in the District of Columbia.

"An identical letter has been sent to The Honorable George H. Fallon, Chairman, House Public Works Committee.

"Sincerely yours,

"WALTER E. WASHINGTON,
"Mayor-Commissioner.
"JOHN W. HECHINGER,
"Chairman, D.C. City Council."

Mr. COOPER. On the merits, the Department of Transportation and the Bureau of Public Roads opposed the construction of these legs.

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

Mr. COOPER. I yield.

Mr. RANDOLPH. Mr. President, I wish to correct my friend. The Bureau of Public Roads does not oppose it. That was the Secretary of Transportation.

Mr. COOPER. I must disagree with my distinguished friend, because in the hearings there was testimony given against the construction of these legs from the Bureau of Public Roads. In fact, Secretary Boyd stated that Mr. Turner, the Director of the Bureau of Public Roads, used the expression, referring to the proposed south leg tunnel expressway, that it would "literally fire three lanes of traffic at three lanes which are already on the expressway."

Mr. RANDOLPH. That statement was in reference to the south leg, I believe, which is not in this conference report.

Mr. COOPER. That is correct. But they are all connected. If the Three Sisters Bridge and the Potomac Freeway are built, they must lead to some place. When they are built, it must be considered whether to tunnel under the Lincoln Memorial or in that area, and under the Mall and the Tidal Basin. The location of the proposed north leg, or the proposed K Street tunnel, must also be considered. Secretary Boyd's point was that all of this had to be considered as a whole. To construct the Three Sisters Bridge or several legs, without knowing what the total system should be, would be an improper way to proceed with the job. It could be very wasteful, and possibly not accomplish even the traffic objectives.

The city of Washington, through its Mayor-Commissioner and the Chairman of the District of Columbia City Council, in a letter dated July 6, 1968, given to the committee, opposes this program. The opposition is on the merits.

I do not believe the Committee on Public Works in the House, or the Committee on Public Works in the Senate—and I have great regard for the membership—has the technical or engineering expertise to lay out a system of roads in the District of Columbia. However, that is exactly what has been done. If one reads the report of the managers on the House side, it sounds as if it is an order given by a great construction firm as to the way these roads should be built.

My second reason for opposing this section is that I think it a bad precedent. Congress would be attempting to tell a local government how to plan its highway system. Briefly, it would direct the State highway department or, in the case of the District of Columbia, its Department of Highways, how to lay out projects and additions to its system.

The proper procedure, and one established procedure, is that public hearings are held to secure the advice of the people of the city or State, and then the decisions are made by the State and those decisions are submitted to the Bureau of Public Roads and the Department of Transportation. Usually without exception, the function of the Department of Transportation is to see that the highway system laid out meets Federal standards. There is more flexibility in the Department with respect to the Interstate System, because it is intended to have a national purpose and because 90 percent of the funds are paid by the Federal Government.

I oppose the section on District of Columbia freeways for one other reason. The people of the community should have the opportunity to voice their judgments as to the economic, social, and environmental impacts of the system, under a democratic process.

In this case, the U.S. Court of Appeals for the District of Columbia gave its judgment that the procedures provided by Congress with respect to the additions to the Interstate System within the District of Columbia had not been followed, and they enjoined any action under that proposal. The court said hearings should be held to give the people of the District of Columbia an opportunity to be heard.

The language which was proposed by the House simply states, in effect, that notwithstanding any law, and notwithstanding the decision of any court, "We direct you, Secretary of the Department of Transportation and the city government, to go ahead and build these roads as we want them built—no matter whether it be dangerous to the character of the city; no matter whether this is what the people want, the poor as well as the rich—go ahead and build them, as a few people sitting in Congress want them built."

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

Mr. COOPER. I yield.

Mr. MANSFIELD. What special qualifications do the members of the Committee on Public

Works in the House have to entitle them to lay down dictum of that nature?

Mr. COOPER. There may be an engineer among them, but they do not have the expertise. They had hearings, and they heard testimony of a great many people opposing the system as well as those supporting the system, but still I do not think they have the expertise, nor do we. That is the reason Congress provided that the States lay out their State highway systems, and provided a way for the District of Columbia to make additions to its system. That procedure has not been followed on these highways.

Mr. MANSFIELD. On the basis of this precedent, if approved, does that mean that what has been directed toward the District of Columbia to accomplish could, by the same token, by appropriate committees of the House and Senate—in this instance, the House—be directed against the States as well?

Mr. COOPER. Certainly, because it is a precedent. I doubt whether they would. Perhaps, but I doubt they would tamper with the States. But the Federal Aid Highway Act provides that the District of Columbia shall be defined as a State, and therefore it comes under the same provision as any State.

Mr. MANSFIELD. Then the precedent would hold.

Mr. COOPER. It would.

Mr. MANSFIELD. If this committee wanted to say to the District of Columbia that the parkway given by the Glover-Archbold families is to be used for the purposes of getting through a line of concrete, would they have that authority?

Mr. COOPER. Yes; because there is the inherent power of Congress to override.

Mr. MANSFIELD. Then, as my distinguished colleague from Montana stated, what is the use of a private group such as the Glover-Archbold families, as an illustration, bequeathing to the District of Columbia, for use in perpetuity, a certain amount of acreage for recreational and other purposes? Is there no guarantee?

Mr. COOPER. No, there is no guarantee except Congress——

Mr. RANDOLPH. Let me interject there to say that the Glover-Archbold Park is deeded to the District of Columbia for a specific purpose. If it were not used for that specific purpose, we would lose it.

Mr. MANSFIELD. But it is being used for that specific purpose.

Mr. RANDOLPH. Nor would that use be violated by the recommendation of the conference report.

Mr. MANSFIELD. It is used as a recreational area, as I understand it, as it was intended. That use was not to be disturbed.

Mr. RANDOLPH. It will not be disturbed.

Mr. MANSFIELD. It was to be given to the people of the District of Columbia in perpetuity. Some groups in this city, and in the Government, seem interested in building a freeway through that park.

Mr. RANDOLPH. The Senator is correct. They were interested. We are not allowing it.

Mr. MANSFIELD. I am delighted again to have that assurance from the chairman.

Mr. METCALF. Will my colleague yield to me?

Mr. MANSFIELD. I do not have the floor.

Mr. COOPER. I yield.

Mr. METCALF. If the Senator will pardon the expression, it is just like a rider, the Glover-Archbold Park.

Mr. RANDOLPH. Let me read the language. I have read it once before. I shall read it again:

"Immediately upon completion of construction of the bridge, the District of Columbia shall relinquish to the National Park Service the right-of-way through Glover-Archbold Park that it presently holds. The design of the bridge does not require intrusion on the park and the Congress directs that no intrusion of the park take place."

Mr. COOPER. Let me say, with knowledge and in frankness, that is why I am against the conference report, and shall vote against the conference report. In that section, we are saying—the Congress is saying—notwithstanding any other provisions of law, or notwithstanding any court decision or administrative action, we direct them to do this. We have the power to do it now, against the decision of the court, and against our own statutes.

Then, of course, in the future, Congress could direct them to run the highway through this park, or any other. I am saying that this part of the language is not law.

Mr. MANSFIELD. This is a dictum laid down by the House committee. Is this also the intent of the Senate?

Mr. RANDOLPH. No, it is not. I have explained that on many occasions. We have an agreement on this matter.

Mr. MANSFIELD. We have this written report by the Senate. What we are quoting from is the House report.

Mr. COOPER. We will both agree that it was told to us, so far as it says now, as to laying down the proposal.

Mr. RANDOLPH. What is proposed to be laid down will not go through the park.

Mr. COOPER. What I am saying is——

Mr. RANDOLPH. It will be carried out in accordance with the application of the provisions of title XXIII of the United States Code.

Mr. COOPER. These actions are dangerous because they create precedents.

Mr. President, I am going to close by saying that not only does this section 23 prescribe certain directions with respect to the legs I mentioned, but it also goes ahead in the next paragraph, and directs the District of Columbia and the Department of Transportation to formulate plans regarding other segments of the road system spelled out in House Document 199 in the District of Columbia, and to report to Congress within 18 months. If they do not come back in 18 months, Congress will do with the remaining portions of the road system in the District of Columbia, contained in the document, what it does with the four segments designated in this act.

I do not pretend to know about the merits of these legs. If the proper procedure is followed, the bodies concerned might come up with the same project, even though the Department of Transportation has indicated to the contrary at this point. But I oppose the idea of Congress abrogating to itself the wisdom or the authority to attempt to lay down a road system in the District of Columbia, in any other State, or in any other city in the United States. I think it is a local matter.

In the Senate-House conference, I submitted an amendment, in which I was joined by Senator JORDAN of Idaho, as a substitute for the language of the House bill. My amendment would have required that the Secretary of Transportation and the government of the District of Columbia designate necessary additions and modifications of the Interstate and Defense Highways System within the District of Columbia and proceed with their construction as soon as possible—but in accordance with the provisions of the Federal-Aid Highway Act, and of title 7 of the District of Columbia Code. But the House conferees insisted upon their own position, which resulted in the language now contained in the conference report.

I would say again to the Senate that the distinguished Senator from West Virginia, with the responsibility of being the chairman, worked to produce a bill which represented the best that could be done. I have said that many sections of the bill are innovative and valuable, and come before the country and the people for the first time. It is a matter of regret to me, that other provisions—one to add 1,500 miles, and particularly the imposition of a system on the District of Columbia—require that I oppose the conference report. Also, I do not like this attitude—and I speak with respect for the House—of attempting to amend basic acts dealing with conservation and beauty by bringing them to a conference, where the Senate conferees are not able to consult or seek the judgment of other members of the Public Works Committee, and where other Members of Senate have no opportunity to work their will.

I do not like the attitude that, because there is so much embodied in the bill, there might be an opportunity to thrust down our throats amendments which, had we surrendered wholly, would have repealed two great legislative conservation acts.

So, for these reasons, Mr. President, I reluctantly—and yet I am not reluctant about it, either, because I opposed these matters in conference—I shall vote against the conference report.

In closing, I do wish to speak again of the leadership of our chairman, Senator RANDOLPH, in sustaining the Senate provisions wherever possible and in many important areas, and of the strong support I received and we both received Senator JORDAN of Idaho, and Senator FONG, my Republican colleague, and all the Senate conferees.

Mr. RANDOLPH. Mr. President, will the Senator from Kentucky yield to me, because that is the only way I can have the floor?

Mr. COOPER. I yield.

Mr. RANDOLPH. I shall speak for only 1 or 2 minutes, Mr. President, I do not want to pass judgment. The Senator from Kentucky or the Senator from West Virginia may disagree on the solution of the conference report. I have high respect for my colleague, even though we disagree in this instance. It is a privilege to serve with him. I have been helped many times by his legal mind and his guidance in these matters.

I think the Senator knows that this was not an easy conference.

Mr. COOPER. No, it was not.

Mr. RANDOLPH. I believe it was the most difficult one on which I have as yet served——

Mr. COOPER. I agree with the Senator.

Mr. RANDOLPH. It was the most difficult one I have ever served in, and I have served in the Capitol for 24 years, 14 years in the House, with House conferees, and 10 years in the Senate, with Senate conferees. We brought out a bill which certainly the Senator from Kentucky did not want. I am sorry he will vote against the conference report. I did not want all aspects of it, either. But we will have lost much in these necessary programs if we do not vote this conference report favorably.

The PRESIDING OFFICER. Does the Senator withdraw his amendment?

Mr. COOPER. Yes; I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn, and the committee amendment is open to further amendment.

Mr. EAGLETON. Mr. President, I have an amendment, which I sent to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Missouri will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 55, lines 8 and 9, to strike the figure "$8,500,000" and insert in lieu thereof "$10,500,000".

Mr. EAGLETON. Mr. President, this is in the nature of a perfecting or housekeeping amendment. Pursuant to my original remarks, I pointed out that this delayed payment item was computed,

based on the anticipated, but unrealized, goal that this bill would be decided and resolved and finally acted upon by September 30, 1969.

Having already passed that date, realizing that perhaps some days are ahead in conference and other legislative chores, we are anticipating now by this amendment that the bill will not become operative until October 30, 1969, a month longer than originally planned.

That being the case, based on the formula previously enunciated, to comply therewith the figure should be $10,500,000. That is the purpose of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

Mr. PROXMIRE. Mr. President, first I wish to congratulate from the heart the distinguished Senator from Maryland (Mr. TYDINGS), who is chairman of the Committee on the District of Columbia, which brought this bill to the floor of the Senate, and the distinguished Senator from Missouri (Mr. EAGLETON), who is chairman of the subcommittee and is handling the bill on the floor, for an excellent job and a very fine report.

Mr. President, one of the things that happen in this body is that usually new and young Senators are put on the District of Columbia Committee. I think that is a real favor to the District of Columbia, as exemplified here in the excellent ability and understanding of these two Senators. They have done a splendid job, and I think it should be recognized.

For some reason, the Committee on the District of Columbia is not considered to be exactly the most cherished committee of the Senate, but I think, because we have young Senators and new Senators on it, and those young and new Senators are men of extraordinary ability, the District is very well served, indeed. Certainly I congratulate both the Senator from Maryland and the Senator from Missouri on several things in the bill, but one which I would like especially to single out is the fact that the cigarette tax has been increased. The House of Representatives increased it from 3 to 4 cents, and, as I understand, the Senate Committee on the District of Columbia has doubled it from 3 to 6 cents.

I think this is good from the standpoint of public health as well as from the standpoint of increased revenues. As I understand, this tax will bring in an additional $2.5 million, whereas the House bill would bring in only a little more than $1 million. This is certainly a useful contribution.

The District of Columbia is about to embark on what may be the largest public works program any community in the United States has ever built. It proposes to do this at a time when inflationary pressures are extremely strong. It proposes to do this in the clear knowledge that the proposed subway and highway programs will bid up the price of skilled labor, of building materials, and of construction costs.

The proposed subway will cost at least $2.5 billion. Few people realize how much is involved and the enormity of that sum. Almost half of those funds, or 46 percent, are to be provided by the Federal Government. In San Francisco, the Federal proportion, by contrast, was only 8 percent.

It is now proposed that there be a first-year obligational authority here of about $240 million, or double what was originally contemplated. How inflationary an increase this represents can best be understood when it is recognized that this year's amount obligated for the subway is $14 million. So we are asked to explode our subway spending seventeenfold this coming year.

The subway is a good project. It is needed. But no one should fail to realize the tremendous costs involved. This is a public works project which will generate $3 to $4 of new spending for each $1 actually spent. Its impact comes when the orders are placed. Then contracts are let. Companies order new machinery and make new investments. Workers are hired. Concrete is poured, and the added funds work their way through the economy.

The subway, as badly as it is needed and as meritorious as it is, will nonetheless have an enormous inflationary impact.

This will come at the very time the President has directed all agencies of the Federal Government to effect a 75-percent reduction in new contracts for Government construction.

It comes at a time when the President has strongly urged State and local governments to follow the example of the Federal Government by cutting back temporarily on their own construction funds. Just this morning the Wall Street Journal reported that cities throughout the country expect to be hit and hit hard by the Federal cutback.

But here, in the District of Columbia, it is now proposed that both the first and second year funds for the subway be obligated in the first year. It is proposed that we obligate not $120 million, but $240 million.

But this is not all. We are now told by the distinguished Senator from Maryland and his committee, as we are told by the other body, by some of the city fathers, and by the local establishment, that we should also and simultaneously build a gigantic network of highway and freeway and bridge projects which have repeatedly been turned down by the citizens of this community and by the courts of the land.

We are told by the supporters of the praiseworthy subway system, the huge expenditures for which are very difficult to justify at this time, that we must add at least $370 million more in highway and bridge projects to the total. And the estimates for those funds are, in fact, low. For example, in the estimate the funds for the Three Sisters Bridge are given as $10.8 million. But as long ago as 1964, the estimated cost of that bridge project, including the land acquisition and the approaches on both sides of the river, were $60 million. The cost must now be at least $100 to $120 million for that project alone.

In addition, the building of these projects will generate even more road and highways in the District of Columbia. The Florida Avenue-U Street spur will be next, or there could be a fantastically expensive tunnel under K Street.

When these projected costs are added up, and when contingencies, rights-of-way costs, relocation costs, and other items are added to them, there are at least another half a billion in highway programs involved.

It is possible to justify the expenditures of $2.5 billion for the Metro. It is impossible to justify another half billion or more for unneeded and unwanted highway projects.

All of this directly contradicts the President's message. But, even more, it makes the Congress and the community both selfish and hypocritical. While we urge others to cut back, and indeed do cut back funds for projects elsewhere, funds for this community are vastly enlarged. We are talking about public works spending which will increase by 10 to 15 fold. We are not talking about a 5- or 10-percent increase. We are talking, for Metro, about increases of 17 times what has recently been spent.

Congress and this community are now justifying what may be the biggest and most grandiose public works projects ever built in any city in this country at the same time other communities are cut back. Congress and the community justify this for themselves, their friends, and their employees who live here, and yet expect the rest of the country to postpone their projects.

Such a double standard has seldom been seen before.

However, let me give a warning. This Senator serves notice that he will not take part in such a hypocritical undertaking.

To the degree that my subcommittee, the Subcommittee of the Appropriations Committee on the District of Columbia, can do so, it will be my intention to urge my colleagues to slow down and stretch out the subway program. I favor getting it started and off the ground. But I shall do everything in my power to help dampen down its inflationary effects. And the way to do that is to slow down the rate of spending.

In addition, to the degree that it is possible to do so, I intend to slow down the spending for those highway programs which are wasteful and which may well destroy the fabric of the Capital city of the United States. As Russell Baker wrote in the New York Times, on September 21:

> Great progress has been made on the long-range project for eventually covering (the) entire city with asphalt. A grotesque freeway of ineffable ugliness is being rapidly constructed right across Capitol Hill, and yet another bridge to carry yet another freeway into the heart of the city is about to be thrown across the Potomac.

At this time I call upon the District of Columbia Highway Department, as I have called upon the officers of the Metro, to come in with specific plans to cut back on the tremendous highway obligations in accordance with the spirit of the President's message. The Nation's Capital must do its part.

Let me turn to one other item. This is the second occasion when Congress has attempted to direct the building of certain freeways and bridges. I think the attempt in this bill is no more binding than those of the past. The fact is that these freeways and bridges cannot be built until certain specific requirements of the law are complied with. And those requirements are to be found in the court order of early 1968, in title 7 of the District of Columbia Code, and in title 23 of the National Highway Act itself.

The highway projects in this bill were the subject of a court decision. Essentially the court said that procedures which were required by the District of Columbia Code had not been followed. The court stopped the projects.

Later, last year, the 1968 Federal Aid Highway Act was passed. The bill contained a rider which directed the District of Columbia to commence work on the four highway projects also mentioned in this bill, within 30 days.

When the President signed the bill he pointed out that these roads should "be constructed in accordance with proper planning and engineering concepts and with minimum disruption of the lives of the District citizens."

He called the provision added by the House, "the most objectionable feature" in the bill. But, the President pointed out:

> Fortunately, the Congress has called for construction only in accordance with the applicable provisions of the Federal Highway law.

The President further wrote:

> If the authority of the Executive Branch were not so preserved, I would have no choice but to veto this bill as an infringement of basic principles of good government and Executive responsibility.

And he further went on that he had been advised that under the Federal highway law the Secretary of Transportation is required to approve construction only when certain conditions were met. Among these was the proviso that "These projects are shown to be appropriate links in a comprehensive transportation plan for the District."

Of course, that showing had never been made. As my hearings brought out only this week, no comprehensive plan for the District highways had ever included these four projects.

As a result the President directed the Secretary of Transportation and others to develop a comprehensive plan for a D.C. highway system. This was a condition of the President and which the law required.

A plan was developed. It was developed in December of 1968. But it excluded the Three Sisters Bridge. It excluded the North Central Freeway. And it considerably modified the two other projects.

As a consequence, the roads this bill mentions cannot be built until the clear requirements of the law have been met.

They certainly have not been met to date.

When further funds for these projects are requested—and sufficient funds have not yet been appropriated to carry them out—I intend to insist that all the provisions of the law and procedures be carried out before additional funds are appropriated.

Mr. President, I also find these sections an affront to the judicial system of the United States. Because of their inexact language, I doubt if they can have the effect of overcoming a judicial decree. But it is indeed ironic that many of those who have been calling for law and order are supporting the provision in this bill which attempts to tell the District of Columbia that it should disregard a proper judicial decree. In my judgment it fails in that purpose for an enormous number of legal and procedural reasons. But the rider in this bill, to say the least, is an affront to the judicial system, a travesty on proper planning concepts, and a hypocritical act by Congress.

Let me make one final point.

Today the District of Columbia proposed to raise the rent on 7,000 public housing units here by $10 per month or $120 per year. That act would raise $840,000 from the weakest, the poorest, and the least prosperous of all groups in the community.

This community needs 102,000 new housing units just to meet the terrible deficiencies which exist.

D.C. General Hospital is without proper facilities, adequate personnel, or buildings, investment or equipment. The Mayor's Economic Development Committee states that the city needs 1,500 additional hospital beds. It needs to add 7,900 persons to the hospital staffs. Major health centers and neighborhood clinics are desperately needed.

The Mayor's committee stated that 5,100 classrooms should be constructed.

Mr. President, all of these needs could be met for a fraction of the money in the Metro and highway program. Under section 235 of the Housing Act, a needy family can be housed for about $600 per year. For $60 million, or one quarter of the first year funds for the Metro, 100,000 needy families in the District of Columbia could be housed for an entire year. Yet, we have been providing new housing at the rate of only 3,000 units a year.

For a little more than half the first year funds of the Metro, or for the additional funds we are asked to give in the first year, all the classrooms needed in the community could be built.

The Mayor said yesterday that the horrible conditions at D.C. General Hospital could be remedied in the short run for about $4 to $6 million. Yet, it is questionable whether even those small amounts will be made available.

I say it is a travesty on our system of values and priorities to spend $240 million on the subway system this year and also insist that hundreds of millions of additional funds be spent on unneeded highways and bridges, while the much smaller needs for housing and schools and hospital beds go unmet.

This Senator, for one, will not be a party to such a flagrant act of misplaced values.

As the old saying goes—I believe Sam Goldwyn said it—"Include me out."

I yield the floor.

Mr. TYDINGS. Mr. President, we have now in Congress, because of our actions, delayed the beginning of the subway for almost 3 years. Every day we delay the beginning of the construction costs $250,000. Every year that we delay in going forward costs roughly $90 million.

Tens of thousands of the people who live in the District of Columbia and travel to work do not own automobiles. It is estimated that the first year the subway is in operation locally, at least one out of five of the District of Columbia job holders will use the subway to get to jobs in the suburbs alone.

Particularly in view of the increasing decentralization of the local economy, there is no more single important factor on improving the employment opportunities of persons who live in the inner city of Washington than a good regional mass transportation system.

A subway is indispensable. Regrettably some of the antihighway lobbyists in the last few years have been so zealous and sometimes unreasonable in their attacks upon any road program that they are and would be willing to scuttle perhaps the most vital single link in the transportation system, the Metro rapid transit system in order to stop a highway project they do not agree with.

My purpose is not to discuss the 25 miles of roads for the Washington, D.C., city area. It happens that these roads have been agreed upon by the City Council and by the National Capital Planning Commission. They will be financed by gasoline user taxes. It would not make any difference what the Appropriations Committee did so far as gasoline taxes are concerned. They are mandated to be used in this direction. However, what the Appropriations Committee does in the field of subway is vital.

If the Metro system does not begin this year, within a very few months in my judgment the mass transit system will collapse under its present financing plans because of inflation.

All of the essential referendums which have been approved by the local subdivisions in the area will have gone for naught. I remind the Senate that last year in cities all across the country, the local electorate turned down referendums for mass transit systems.

If the Metro financial plan collapses, all the Federal legislation and authorizations and the work of almost 10 years will have gone for naught.

I do not think we can run the risk of delaying this vital part of the Washington area transportation system.

All one has to do is to spend a little time in Los Angeles County—and I do not wish to make any derogatory comments about the great State of California or city of Los Angeles—to see what happens when government delays and delays and never goes ahead with a rapid transit system. Finally, the authorities find themselves with concrete on all sides and with massive parts of the city in concrete.

We have an opportunity now to go ahead with the rapid transit system for the Capital of the United States.

In respect to the financing proposal, the two-thirds local and one-third Federal formula, for financing the metropolitan rapid transit system for the Wash-

ington, D.C. area is the same formula for the National Mass Transportation Act.

The only difference is that the National Metro Act has not been adequately funded. As a matter of fact, the one involved here has not been funded either. However, we hope that will change this year.

Congress itself has caused the delay. Meanwhile the built-in factor in the Metro financial plan to account for inflation, will be, I think severely eroded by this year end.

I think it would be tragically penny wise, but dollar foolish not to go ahead with the transit system now.

With reference to the highway program it is interesting to note that in the two opinion polls taken this year, one by the chairman of the City Council, who opposes the Three Sisters Bridge, and one by the Oliver Quayle organization, the residents of the District of Columbia voted 3 to 2 in support of the Three Sisters Bridge.

But, without regard to that, my concern is not with the road program. My concern is with the building of a balanced transportation system. And the vital, integral unit in it is the subway system.

Mr. President, section 801 of H.R. 12982, the pending District of Columbia revenue bill, was agreed to by unanimous vote of the entire Senate District of Columbia Committee. The committee believes that retention of section 801 is essential to save the Metro mass transit system. We believe inclusion of section 801 by the Senate in this bill is an indispensable prerequisite to agreement by the House of Representatives to appropriate funds to construct the Metro transit system.

It has been my privilege to be associated with the Metro mass transit system for as long as I have been in the Senate. I chaired the hearings in 1966 on the interstate compact which created Metro and in 1969 on the separate legislation to authorize the Federal share of Metro's cost. I sponsored and floor managed both bills.

The Metro system is the well-planned, hard-won, critically important end product of effort begun in the Senate a decade ago by Senator ALAN BIBLE. Four times, in four separate laws, Congress has expressly endorsed the concept of the Metro system.

Now, the fate of the entire Metro mass transit plan hangs by a slender thread. Within a very few months, inflation will collapse the financial plan under which Congress and all the local jurisdictions have consented to the Metro system. All the years of planning, all the essential referenda in surrounding jurisdictions, and all the State, local, and Federal legislation to authorize and finance it will be invalidated.

A new financial plan will have to be drawn and agreed to by all the jurisdictions.

New referenda with uncertain results will have to be held in almost every suburban jurisdiction in order to approve more bonds to meet the new cost estimates.

The Federal financial assistance authorized by the Senate this year will have to be rewritten, reheard, and reenacted.

Many years will pass.

Meanwhile, the pressures for more and more highways will build inexorably. The Washington area's population will increase up to 30 percent by 1975, 60 percent by 1980, and more than 230 percent by 1990. If Metro construction starts today, the Metro service area's population will be as high as 4.4 million people by 1980, the year of Metro's completion, compared to 2.8 million today.

For every month Metro is delayed, thousands more area residents will jam existing highways and demand new ones.

If we lose the Metro, we will be condemned to total, choking reliance on the private auto. The question then will be not whether a bridge should be built, but how many.

The Three Sisters Bridge, of course, has been the primary sticking point which has blocked starting Metro construction. The House of Representatives has refused to appropriate Metro construction funds until that bridge and certain other highway projects are undertaken.

The House commitment to construction of the bridge is evidenced in the 3-year delay in the Metro start. It is also clear in the specific language of section 23(b) of the 1968 Federal-Aid Highway Act, which mandates the District of Columbia government to construct the bridge, to construct some relatively noncontroversial highway projects, and to study a portion of the proposed District of Columbia highway system known as the North Central Freeway.

Most recently, in the District of Columbia revenue bill, the House reaffirmed its intention to mandate bridge construction when it provided that no Federal payment can be made to the city until the bridge is undertaken.

So, the House refuses to fund the Metro until the Three Sisters Bridge is begun. And the Metro plan will be crushed by inflation within months.

If the Senate blocks the bridge, the Metro will be destroyed.

The committee faced this choice 2 weeks ago. We had to decide what to do about a provision in the House-passed version of the District of Columbia revenue bill. That provision, known as the Adams-Broyhill rider, requires execution of the District of Columbia highway plans contained in the 1968 Highway Act.

The Adams-Broyhill rider was inserted to assure proponents of the 1968 Highway Act in the House that the Metro money need no longer be held up to insure construction of the bridge or fulfillment of the remainder of the District of Columbia highway plan.

I can assure the Senate that members of the Senate District of Columbia Committee grappled with this particular provision and all its ramifications. At length, the committee voted unanimously to retain this provision of the House bill and so reported it to the Senate. Speaking for myself, I made my decision as chairman of the committee on these principal factors:

First, my own extensive conversations with the administration, with officials of the District of Columbia Government, and with Members of the House of Representatives convinced me that the House is prepared to insist on the highway plans even if it means losing the Metro.

Second, if we lose the Metro, or if it is delayed, we face an enormously greater demand for highways than anyone presently contemplates. Taking into account the geometrically increasing Washington area population, loss or delay of the Metro means more roads, more bridges, more displacement and infinitely more highway costs.

Third, public opinion polls indicate a substantial majority of District of Columbia residents will accept the bridge and the highway plan in order to get the Metro. These surveys include one taken by the Chairman of the District of Columbia City Council, who is himself a critic of the Three Sisters Bridge, and the North Central Freeway.

In fact, one of those polls, taken by the Oliver Quayle organization, indicates that a majority of District of Columbia residents favor the highway plan mandated by the 1968 Federal-Aid Highway Act and the Broyhill-Adams rider.

Fourth, the city government is complying with the Adams-Broyhill rider and moving ahead at full speed to construct the Three Sisters Bridge and to carry out the other provisions of the 1968 Highway Act.

Fifth, the Adams-Broyhill rider provides a continuing assurance to concerned Members of Congress that the city will pursue the 1968 Highway Act in good faith. Thus, the Metro funds, which were heretofore embargoed by the House to assure bridge and highway construction, could be released.

Sixth, the committee was assured by the District of Columbia government that the bridge will not intrude on Glover-Archbold Park or produce an added traffic burden in Georgetown.

I ask unanimous consent that a copy of the letter from the District of Columbia Department of Highways and Traffic containing these assurances be printed in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. TYDINGS. Seventh, the committee recognized that the strongly held and frequently affirmed views of the House of Representatives assured a continued deadlock over the Metro unless the bridge is built and the north central freeway studied, as required by the 1968 Highway Act. The committee received indications from several sources that release of the Metro funds would follow our agreement to the Adams-Broyhill rider. The committee further believed that any other course, including proposed substitute amendments, would in the present circumstances destroy the Metro.

The Senate Committee voted to accept the Adams-Broyhill rider and to report the bill on Thursday, September 18. The committee report was filed in the Senate on Tuesday, September 23. On September 24, the chairman of the House District of Columbia Appropriations Subcommittee announced he would recommend release of the Metro funds.

Eighth, while individual members of the committee may have serious reservations about certain of the projects mandated by the 1968 Highway Act, all the members recognized the reality that the other House has strong feelings of its own on this issue which had to be taken into account. The committee believes that the vote for the Adams-Broyhill rider is an indispensable vote for the Metro system, a vote without which the Metro system will collapse.

Mr. President, the Metro system is incomparably important to the Washington area. The inner city resident will not be able to get a job without it, or the commuter will be condemned to costly traffic jams if it is not built. Downtown Washington will decay and the economic and social development of this area will be severely constricted if the Metro plan collapses.

Mr. President, on the basis of my 5 years' experience with the Metro, I must say that in my view, delay or loss of the Metro would be a tragedy without equal in the history of Washington, a disaster from which this entire urban area might never recover.

EXHIBIT 1

TEXT OF D.C. DEPARTMENT OF HIGHWAYS AND TRAFFIC LETTER

DEAR SENATOR TYDINGS: This is in response to your letter of September 23, 1969, requesting confirmation that construction of the Three Sisters Bridge will "not result in any direct inflow of traffic into the Georgetown area or in any incursion on Glover Archbold Park."

We confirm this statement. A description of the D.C. approaches and access points to the bridge is contained in the Conference Report accompanying the 1968 Federal-Aid Highway Act.

It is reproduced as follows:

"The westbound roadway will proceed as an elevated structure from 31st Street along the present Whitehurst Freeway to a point just west of Key Bridge where it will proceed under the existing C. & O. Canal to an alinement between the present Canal Road and Georgetown University. It will then proceed past the vicinity of the intersection of Foxhall Road and MacArthur Boulevard to join the westbound lane of the Three Sisters Bridge.

"The eastbound roadway shall proceed from the terminus of the existing completed elevated section of the Potomac River Freeway at 31st Street dropping as soon as possible, consistent with interstate standards, into a tunnel section under the Georgetown waterfront and proceeding westward under the C. & O. Canal to an alinement immediately parallel to the westbound roadway between the existing Canal Road and Georgetown University. The alinement will then proceed westerly to the eastbound roadway of the Three Sisters Bridge.

"In the vicinity of the Three Sisters Bridge there will be provided ramp connections to the proposed Palisades Parkway which is the extension of the already completed section of the George Washington Memorial Parkway. Provision shall be made for connections from the Palisades Parkway to the intersection of Foxhall Road and MacArthur Boulevard.

You will note that the above description makes no provision for connections between the bridge or freeway facilities and the streets of Georgetown.

"Canal Road which presently follows directly adjacent to the C. & O. Canal shall be relocated from Key Bridge to the intersection of Foxhall Road and MacArthur Boulevard by placing it between the Potomac River Freeway and Georgetown University on a high level which will overlook the beauty and splendor of the C. & O. Canal and this reach of the Potomac River."

The Canal Road alinement as described above generally follows the existing alinement of the D.C. transit car tracks now out of service. The car tracks are outside of the limits of Glover Archbold Park.

This project is now under design and the consultant will prepare plans and specification in strict accordance with this description.

Sincerely yours,

T. F. AIRIS,
Director.

Mr. PROXMIRE. Mr. President, once again I want to make it clear that I am not opposed to the subway. I am for the subway. But I think we have to recognize our obligation, just as every State and every city in America should, and we should recognize our obligation first.

The President has asked that public works construction be cut back 75 percent. This was a Presidential request. And it is effective in a number of cities. It is going to be more effective as time goes on.

Does the District of Columbia belong to the United States of America or does it not? This is one place where we really can determine whether or not construction expenditures and construction obligations are cut back.

My argument is that we should not start the biggest public works program in the history of the country, start it here, start it now, start it in such a whole-hog way that we take all the 1969 appropriations and all the 1970 appropriations and spend them now on a project in an area where there is a tight employment situation, where it is clear that this kind of expenditure is bound to result in bidding up prices of labor and prices of material. Much more important is the example that this gives the rest of the country.

How can we expect the Governor of Wisconsin or the mayor of the city of Milwaukee or of any other city in the country to take this Government seriously, that it means business about cutting back expenditures, when we go ahead with the biggest public works project ever and are unwilling even to slow it down?

I am not saying that we cannot have the subway program. I agree that we should start it this year. We should make it clear that we are going ahead. We should start construction expenditures this year, but I think it is a matter of degree and a matter of recognizing our own responsibility. If we do that, I think there can be a meeting of minds on this kind of action. But certainly it is not responsible, it is not fair, it is not honest, and it is hypocritical for us to say that we need this subway here—to say that we are going to use it, our employees and friends are going to use it, all the newspapers support it overwhelmingly, and so we are for it.

There is no logic behind that kind of argument when we recognize that inflation is our No. 1 economic problem.

First, of course, it is going to cost more if it is postponed indefinitely. I am not proposing to do that.

Second, every city council in America can make exactly the same argument: They should not postpone, because if they do, construction costs will go up 5 percent a year or 7 percent a year; it is going to cost more next year.

So if we mean anything about combating inflation by slowing down Federal spending, and that Federal spending is within our control, my argument is that we should slow it down on this particular kind of project.

Mr. TYDINGS. Mr. President, I might add that the President of the United States twice this year has put this item in his budget and it has been endorsed by the Bureau of the Budget since the President's anti-inflation message of September 4. The President has exempted the Metro from his 75-percent construction cutback request.

I might point out that we are merely trying to catch up and to provide the funding which Congress has not appropriated for the past 2 years.

This is not just another city. This is the Capital of the United States. Upward of 11 million citizens of the United States come here every year to visit Congress and to visit their Capital of the United States. So far as I know, with possibly two exceptions, this is the only national capital in the western world that does not have a rapid transit system.

I would hope that the Appropriations Committee would follow the recommendations of the President of the United States in this matter.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 12982) was passed.

Mr. EAGLETON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. TYDINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TYDINGS. Mr. President, I move that the Senate insist upon its amendment and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon; and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TYDINGS, Mr. BIBLE, Mr. SPONG, Mr. EAGLETON, Mr. PROUTY, Mr. GOODELL, and Mr. MATHIAS conferees on the part of the Senate.

Mr. MANSFIELD. Mr. President, the distinguished Senator from Missouri (Mr. EAGLETON), managed the District of Columbia revenue measure with the skill and ability of a Senator well seasoned in the legislative processes of the Congress. His articulate presentation and persuasive advocacy assured the passage of the

measure with great efficiency and dispatch even in the face of some question concerning certain features of the proposal. Senator EAGLETON deserves our highest commendation.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. Allen in the chair). On behalf of the Vice President, the Chair, under the provisions of Public Law 84–689, appoints the Senator from Illinois (Mr. PERCY) to attend the North Atlantic Assembly, to be held at Brussels, Belgium, on October 16–21, 1969.

The Chair also appoints the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Ohio (Mr. YOUNG), vice the Senator from West Virginia (Mr. BYRD) and the Senator from New Hampshire (Mr. MCINTYRE), to the North Atlantic Assembly.

ADJOURNMENT TO MONDAY

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 7 minutes p.m.) the Senate adjourned until Monday, October 6, 1969, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate October 3, 1969:

FEDERAL TRADE COMMISSION

Casper W. Weinberger, of California, to be a Federal Trade Commissioner for the term of 7 years from September 26, 1969, vice James M. Nicholson, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 3, 1969:

DEPARTMENT OF JUSTICE

Harry D. Steward, of California, to be U.S. attorney for the southern district of California for the term of 4 years.

Jack V. Richardson, of Kansas, to be U.S. marshal for the district of Kansas for the term of 4 years.

FEDERAL MARITIME COMMISSION

Helen D. Bentley, of Maryland, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1970.

CIVIL AERONAUTICS BOARD

Secor D. Browne, of Massachusetts, to be a member of the Civil Aeronautics Board for the term expiring December 31, 1974.

NATIONAL TRANSPORTATION SAFETY BOARD

Isabel A. Burgess, of Arizona, to be a member of the National Transportation Safety Board for the term expiring December 31, 1974.

HOUSE OF REPRESENTATIVES—*Friday, October 4, 1969*

The House met at 11 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

God is love and he who abides in love abides in God, and God abides in him.—I John 4: 16.

O God, our Father, we, the Representatives of the people of this Nation, bow before Thee seeking strength for this day and guidance for these hours. Make this moment of prayer a moment when we are aware of Thy presence, a moment when we hear Thy voice calling us to lead our people in the ways of justice, peace, and good will.

Give to us a higher faith and a greater courage to seek to lift the lowly, to strengthen the weak, to encourage the discouraged, and to make this Nation a nation in which men are concerned about their fellow men.

God bless this America of ours and help us to live together with respect for each other and with love in our hearts: through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

LIMITATION OF DEBATE

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

Mr. ECKHARDT. Mr. Speaker, I rise here at this time to express a reaction to the debate on yesterday and to express a hope that in the debate today it will be possible for an individual to be permitted at least a 1-minute extension in order to answer questions. In this connection I wish to praise the gentleman from Michigan in withdrawing an objection that he made yesterday that I suppose was directed as a rebuke to the efforts to stop such debate. If debate on this floor is to be effective, it is going to be necessary to permit a dialog as well as an intermittent monolog. It seems to me as though the rules of the House do permit a man in the position of the gentleman from Michigan to make the objection he made, just as clearly as they permitted the other gentleman to frustrate debate and dialog by objecting to all extensions of time to permit questions and answers. Unless there is some restraint by the Member in exercising his power to object to the fullest extent, effective debate on this floor is frustrated, and this may be done at the will of a single Member of this House.

INCREASE IN AIR FARES

(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, after a 3-percent increase in air fares earlier this year and a 6½-percent increase in air fares effective several days ago, I was appalled to learn that Secor D. Browne, President Nixon's nominee for the Civil Aeronautics Board Chairman, thinks that higher passenger fare boosts may be in order.

Mr. Browne said the Civil Aeronautics Board needs to help the airlines industry portray a "healthy picture" to the investment community to attract funds to pay for major equipment purchases.

This statement of Mr. Browne puts him squarely on the side of the investors rather than the air passengers he is supposed to represent.

The 3-percent increase earlier this year, the 6½-percent rate increase effective October 1, and the proposed 3-percent increase in the commercial air travel tax, coupled with the additional air travel increases suggested by Mr. Browne, will soon reverse the trend toward increased air travel.

Mr. Browne may achieve the distinction of being the first Civil Aeronautics Board Chairman to encourage the return to surface transportation. The appointment of Mr. Browne certainly does not appear to be in the best public interest. He has compromised his position as an impartial Chairman by clearly indicating his support of rate increases even before having assumed office.

I plan to protest Mr. Browne's nomination before the Senate Commerce Committee.

SWEDISH SUPPORT OF HANOI

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

Mr. SCHERLE. Mr. Speaker, the many fine American military personnel of Swedish descent serving valiantly in Vietnam must be tragically disappointed by the ungrateful and morale-defeating attitude of the mother country to which they bear close ethnic and emotional ties in her harsh snub to the United States. Sweden, the European haven for American deserters and draft dodgers, has just announced plans to support Hanoi to the tune of $40 million in loans and grants over a 3-year period. State Department information indicates that these are scheduled to begin next July 1. In other words "Sweden will roll the spit balls while Hanoi throws them."

Before Sweden can give these millions to an avowed enemy of the United States we should insist this "professionally neutral" country repay the balance of the $79.1 million borrowed from the Export-Import Bank which is wholly American supported. Even though amendments to the Export-Import Bank legislation demand a complete credit cutoff to any country aiding North Vietnam, those provisions do not go into effect before the fact, and Sweden could continue to borrow hard-earned American dollars until next July. Furthermore, Swedish Foreign Minister Torsten Nilson said that after North Vietnam Sweden would greatly increase its aid to Cuba.

The United States has always considered Sweden a friend worth aiding both financially and with favorable trade agreements, but it is the height of folly for this country to support those who give aid and cash comfort to our enemies.