problem of hungry school children is imperative.

The letters referred to follow:

WOODLAWN MENTAL HEALTH CENTER,
Chicago, Ill., November 4, 1969.

Congressman ABNER MIKVA,
Federal Office Building,
Chicago, Ill.

DEAR CONGRESMAN MIKVA: We are writing this letter to report to you the results of hunger, which is a basic condition among others blocking children in poor communities such as Woodlawn from succeeding in school.

As you know, for the last six years we at the Woodlawn Mental Health Center have been carrying out extensive studies and prevention and early treatment programs for all the 2000 first graders entering Woodlawn schools each year, and have periodically assessed them three times in first grade and have followed 6000 of them as far as the end of third grade. We have considerable information on the families of first graders obtained by two community-wide extensive interviews with about 2300 mothers.

The results of these systematic studies show that hunger is important in influencing how well the child socializes in the first grade class-room. By hunger we mean not having food. We are not referring to malnutrition necessarily, but rather to missing meals.

Children miss meals for a variety of reasons, but if they do they are likely to have difficulty in school. A program aimed at providing meals would therefore be extremely important in bettering the adaptation of children to school.

However, such a program must consider a variety of other factors which are also related to doing poorly in school. In our studies, such basic issues as the mother's sense of potency to influence her children's future; her own mental health; whether she lives with other adults who can share the child-rearing role with her; whether she has $5,000 income (a figure which very sharply distinguishes between families of children who are adapting to school and those who are not); her child-rearing practices, particularly in regard to limit-setting and permission-giving—all characterize basic factors related to successful child-rearing and successful careers in school.

Our considered opinion is that a program aimed at the hunger of children would be a fundamental contribution in poor communities such as Woodlawn. This program, if it is to be successful, must include a role for the mothers at the policy-making level so that the program is basically planned and operated by the local neighborhood community which it serves. This would reinforce the mother's sense of her own importance and self-esteem. The program should be seen as an opportunity for employing mothers and fathers and thus would be a way of improving income. Incidentally, along this line, Mr. Julian Levi has recently described a private catering service as a possibility for implementing such a program. Such a private catering service would work under contract with the local community which in turn would receive its financing through an appropriate mechanism such as the one we are hoping you can successfully develop.

One closing thought which I am sure you share is that a program to alleviate hunger is one of several basic programs which can be a base for improving conditions of family life. We have considerable data on family life and its relation to success in school and to mental health which suggests that programs, such as after school programs, may have similar economical and social benefits. All of these programs in our view must be community-owned at the neighborhood level and must combine a variety of aspects which not only alleviate the central bad condition such as hunger, but also take into account other related problems.

Sincerely,

SHEPPARD G. KELLAM, M.D.,
Codirector, Woodlawn Mental Health Center; Associate Professor of Psychiatry, the University of Chicago

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WOODLAWN MENTAL HEALTH CENTER,
Chicago, Ill., November 20, 1969.

Congressman ABNER MIKVA,
Federal Office Building,
Chicago, Ill.

DEAR CONGRESSMAN MIKVA: The information regarding family life which we reported in our recent letter was obtained in two home interviews. Each interview lasted about an hour and a half and took place in the living rooms of the mothers or mother surrogates of half of the first-grade children in the spring of 1965, and all of the first-grade children in the spring of 1967. A total of about 2300 mothers were interviewed.

The relationships that exist between the family life of the child and the child's adaptation to school according to ratings made by the teacher have been examined in detail and the results of these systematic studies were the basis for the conclusions which we presented.

About four percent of the mothers in 1965 reported that their children had nothing to eat for breakfast or only had liquids; in 1967 this figure was about five percent. These children were not succeeding in a basic task, namely, being able to socialize with the other children in first grade. From other studies we know that if children do not succeed in their social adaptational tasks in first grade, they run a grave risk of not succeeding from then on.

Sincerely,

SHEPPARD G. KELLAM, M.D.,
Codirector, Woodlawn Mental Health Center; Associate Professor of Psychiatry, the University of Chicago

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SENATE—*Saturday, December 6, 1969*

(Legislative day of Friday, December 5, 1969)

The Senate met at 9 o'clock a.m., on the expiration of the recess, and was called to order by the Acting President pro tempore (Mr. METCALF).

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

Eternal Father, deliver us now from the drive of daily duties, from the tumult of the world about us, and the attention of many competing concerns that our hearts may know Thy refining and renewing power. Keep us from coldness of heart and indolence of spirit, that we may worship while we work in the beauty of holiness and in the holiness of beauty. Equip us now for new tasks, brace us for fresh undertakings, and give us strength for the adventure of this day with Thy love and grace and truth filling our souls and finding expression in our actions.

In the name of Him who lived for others. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Friday, December 5, 1969, be approved.

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

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that sometime during the afternoon there be a period for the transaction of routine morning business.

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

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees be authorized to meet during the session of the Senate today.

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

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Florida (Mr. HOLLAND) is recognized.

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

Mr. HOLLAND. I am happy to yield.

SENATE POLICY ON CONSIDERATION OF MEASURES

Mr. BYRD of Virginia. Mr. President, may I seek the attention of the majority leader, to ask a question?

Mr. MANSFIELD. Yes, indeed.

Mr. BYRD of Virginia. I note that last night, after the final vote on an amendment to the tax legislation was taken, a bill was called up and unanimous consent was obtained for its consideration. It increased the number of supergrades in the Government, as I understand it, by 150.

My question to the majority leader is this: What will be our policy in the future? I was on the floor for 8 or 9 hours almost constantly yesterday. I could have stayed another half hour, or another 2 hours, for that matter, but I had no idea that the tax reform bill—on which there would be no more votes last evening—would be set aside and a measure taken up separate from the tax reform bill.

I am wondering what our policy will be in the future. I can stay as long as anybody else stays, but I would like to know what we might expect in the way of setting aside this bill and taking up other proposed legislation.

Mr. MANSFIELD. The Senator raises a legitimate question. This bill was being held up at the request of a Member on the other side of the aisle. An agreement was arrived at between that Member and the chairman of the committee; and, on the basis of the fact that there were no objections lodged with the leadership by any Senator with respect to that bill, the joint leadership agreed to bring it up. We stated late yesterday evening that there would be no other votes, that the Metcalf amendment would be the pending business, that my distinguished colleague, the Senator from Montana, intended to make a few remarks, but that the vote would come on that amendment today. If we had known of the Senator's interest on objection, we certainly would not have brought the bill up by unanimous consent. Had the debate on that particular proposal last night lasted much longer, I was prepared to lay it aside, because I felt that the Senator from Montana (Mr. METCALF) has been more than patient for the past 3 days, allowing others with amendments to come in ahead of his amendment, when he was prepared to proceed during that period.

Mr. BYRD of Virginia. Mr. President, may I say to the distinguished majority leader that I do not necessarily have objection to the proposal. I could not have objected, even if I had an objection, because I did not know that the proposal would be called up. I quote from yesterday's RECORD:

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily, and that the Senate resume the consideration of Calendar No. 556, S. 2325.

Mr. MANSFIELD. That is correct.

May I say that it is my intention, when we are through with the consideration of the pending bill for this afternoon, again to lay aside the pending amendment, whatever it would be—and it would be late in the afternoon—to take up the military construction appropriation bill and the District of Columbia appropriation bill.

Mr. BYRD of Virginia. I would certainly have no objection to any of that, provided I know what the policy is. If the policy is to take up proposed legislation late in the evening, after the final vote for the day has been taken, that is perfectly all right. But I would like to know in advance whether or not that is going to be our policy.

Mr. MANSFIELD. We have done that during all the years I have been in a position of leadership, and even before, under previous leaders. It is always done with the concurrence of the Republican leader; and if there is any opposition by any Senator for any cause, that opposition is brought to the leadership's attention, and that bill is not brought up. It will be held for a reasonable length of time, but not indefinitely.

So I must apologize to the Senator. I assure him that we were not trying to "pull" anything. We were acting in good faith, and we thought it had been cleared all around.

Mr. BYRD of Virginia. I am well aware that the distinguished Senator always acts in good faith, and I was not implying anything of that nature.

Mr. SCOTT. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. I yield.

Mr. SCOTT. Mr. President, this matter has been under some considerable current discussion. The distinguished senior Senator from Delaware has from time to time served notice that he will call up, for example, amendments at any time, or other matter, if he thinks it advisable to do so. I am sure he is not the only Senator who feels that way. Because of the fact that at the end of the sessions these things happen, the assistant Republican leader and I felt some concern about it, on our own behalf, and I had therefore directed a letter to the distinguished majority leader, of which he is aware, which I would like to read into the RECORD at at this time, in the hope that we may arrive at some means of clarifying this matter. The letter reads:

It has come to our attention that on occasion pending business in the Senate is being temporarily laid aside to consider other bills or amendments without any notification to the leadership. This practice we feel creates problems for the leadership in carrying out their responsibilities to other Senators who may have an interest in the bill or amendment called up for action.

Accordingly, we would like to request that you consider—

Addressing the majority leader on it—and we have had no discussion on this—

adopting a procedure which would preclude the laying aside of pending business without prior notification to the leadership, Democratic as well as Republican.

We believe this procedure would save some possible embarrassment to the leadership as a result of amendments or bills passing without anyone being aware of the action to be taken except those Senators on the floor at that time—

Which, I may add, was not the case yesterday—

One or both of us will be readily available at all times to be consulted regarding any action that you or the manager of the pending business desires to take.

Your kind attention to this matter will be appreciated.

So while this does not involve notice to every Senator, it contemplates the hope that we may at all times be sure of notice to the leadership, to at least enable us to notify the managers of the bills or the ranking minority Members or the Senator particularly concerned with the bill, where we have such notice of his interest.

Mr. MANSFIELD. May I say that I concur fully with the sentiments expressed in that letter.

Mr. BYRD of Virginia. I realize the difficulties faced by the leadership in handling a vast amount of legislation, and certainly I do not want to hinder that in any way.

I must say that I was taken by surprise by the matter that came before the Senate last evening.

Mr. MANSFIELD. The Senator has made a very valid point. All I can say in extenuation is that I believe I announced there would be no more record votes last night, and it was on the assumption I did not think anything controversial was coming up or anything that would raise a question; otherwise I would not even have brought up that legislation.

Mr. BYRD of Virginia. I thank the Senator.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order the Senator from Florida is recognized for 10 minutes.

STRIKE AGAINST FLORIDA POWER & LIGHT CO. COULD HAVE BEEN AVOIDED

Mr. HOLLAND. Mr. President, the International Brotherhood of Electrical Workers has been on strike against the Florida Power & Light Co., the largest public utility in Florida, for more than 5 weeks. This inexcusable strike threatens to seriously affect the welfare of our people and the orderly development of our State.

In an effort to be of some assistance in the matter, my colleague, the junior Senator from Florida (Mr. GURNEY), and I wrote a letter under date of November 26 to 11 local union presidents of the International Brotherhood of Electrical Workers and to the president and vice president of the international brotherhood, as well as the business manager of System Council U–4 of the international brotherhood.

For the information of the Senate, I ask unanimous consent to have this letter printed in the RECORD at this point in my remarks.

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

U.S. SENATE,
Washington, D.C., November 26, 1969.

DEAR ———: The present work stoppage on Florida Power & Light Company property can seriously affect the welfare and orderly development of our State. Picketing of construction sites rapidly unwinds the tempo of construction in all fields—residential, commercial and industrial—and payrolls disappear. Meanwhile our busy Winter Season is almost upon us.

There is no apparent reason why this work stoppage should be continued or tolerated. In 1947 the Florida State Legislature, acting on the suggestion of a Labor-Management Committee, which included the state head of AFL–CIO, passed a law requiring binding arbitration in disputes between utility companies and their employees.

Later, the Supreme Court ruled that this type of legislation was in conflict with the Taft-Hartley act, as it denied the right to strike. The law, however, remains on the statute books of Florida, and it is our belief that the people are of the same mind on the matter.

In the present dispute between the IBEW and Florida Power & Light, the only problem is economic—that is, money. Both parties should immediately submit to binding arbitration, for it is imperative that the men go back to work as soon as possible and the dispute be settled without delay. Not only would this observe the spirit of the Florida arbitration law, it would be consistent with

the objects expressed in the IBEW Constitution which calls for arbitration in settling disputes.

We call upon you as a leader of the IBEW to do your duty to the biggest majority involved, the electric customers in Florida and submit your case to binding arbitration.

If the shoe were on the other foot and you had offered arbitration while the company declined, we would feel just as strongly in calling upon the company to do as we are now calling upon you to do.

We know that you, as good citizens concerned with the economy, welfare and betterment of living conditions in Florida, will be responsive to our request.

Sincerely,

SPESSARD L. HOLLAND,
EDWARD J. GURNEY,
U.S. Senators.

Mr. HOLLAND. Mr. President, under date of November 29, I received a reply from the president of Local Union No. 622, IBEW, Mr. E. M. Brown, Jr., Lake City, Fla., and I ask unanimous consent to have this letter, which, incidentally, is the only reply I have received to date from the 14 letters sent out on November 28, printed in the RECORD at this point.

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

LOCAL UNION NO. 622 IBEW,
Lake City, Fla., November 29, 1969.

HON. SPESSARD L. HOLLAND,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HOLLAND: Your letter was received this morning, and I wish to assure you that this Local Union No. 622 IBEW is doing everything we possibly can within the Constitution of IBEW, By-Laws of the System Council U4 IBEW, laws of the State of Florida, and the laws of the United States to get the people on the Florida Power & Light Property back to work.

We are not in accord with this strike. We voted not to strike, but were forced to do so when the majority in the State voted strike.

We are now in the process of calling a meeting of the System Council U4 for the purpose of going back to work, accepting the last contract package offered, and negotiating or arbitrating any difference between the Company and the Union.

In accordance to your letter I will feel free to call upon your assistance.

Sincerely yours,

E. M. BROWN, Jr.
President.

Mr. HOLLAND. Mr. President, I think it is interesting to note that Mr. Brown states:

We are not in accord with this strike. We voted not to strike, but were forced to do so when the majority in the State voted strike.

Mr. President, an editorial appeared in Today, a daily newspaper published in Brevard County, Fla., under date of November 28, entitled "Arbitration, Quickly." It is very short but very much to the point, and I believe it appropriate to read for the benefit of the Senate, as follows:

ARBITRATION, QUICKLY

When negotiators representing Florida Power & Light Co. and striking members of the International Union of Electrical Workers meet for a fourth time Friday, the strike will be more than five weeks old.

That's five weeks in which supervisory personnel have been doing some of the jobs of striking linemen. A serious disruption of power could come at any time.

For the good of all—the union, the company and, most important, the public—we hope this fourth meeting will be more productive.

Coming a day after Thanksgiving, when some of the strikers no doubt went without turkey, there may be more pressure on the union to submit to binding arbitration, which the union has been refusing to do from the start.

If that were the only reason to arbitrate, of course, we could understand their continued refusal. But so far we have seen no compelling reason for not submitting and a most compelling reason for.

Our primary concern is for the public. Half the state is under the potential threat of a major emergency as long as the strike continues. The work stoppage is fraught with public danger.

Beyond that, the incomes of thousands of persons have been cut off or materially reduced. Much contracting work is at a standstill. The state's economy is affected.

Unions have an unarguable right to strike, but when the welfare, health and safety of the public is at stake, the dispute must be settled in the shortest time possible.

Such a strike is surely bringing nearer the day when Congress will have to require that utility companies and labor unions submit to binding arbitration.

Where 3,100 union men can threaten the welfare of millions, refusing to recognize their responsibility to the public, corrective legislation must be considered.

Mr. President, I bring this matter to the attention of the Senate not only because this strike is most hurtful to the people of Florida but because it could have been avoided had the Committee on Labor and Public Welfare taken favorable action on legislation I have sponsored or cosponsored since the 82d Congress when Senator Wiley, of Wisconsin, Senator Hendrickson, of New Jersey, Senator Robertson, of Virginia, and I introduced S. 1535 on May 23, 1951, to amend the National Labor Relations Act to provide that nothing therein shall invalidate the provisions of State laws which seek to prevent strikes in public utilities.

The introduction of this legislation was prompted by the dangerous and unexpected situation created by the Supreme Court, in its divided decision February 26, 1951, in the so-called Wisconsin case, in its strained interpretation of the legislative intent of the Taft-Hartley Act.

Unfortunately, Mr. President, S. 1535 of the 82d Congress never saw the light of day and died in the Senate Labor and Public Welfare Committee without being accorded a hearing.

In the 83d Congress I did not introduce this legislation as there was pending in the Congress a general bill for the revision of the Taft-Hartley Act, S. 2650. One of the provisions of that bill was broad enough to cover the same objective. This bill was recommitted by a vote 50 to 42. I was one of those voting to recommit, for, while I found much to approve in S. 2650, particularly the section dealing with strikes in public utilities, I voted with the majority because of the unfavorable parliamentary situation which required the consideration of FEPC legislation under a gag rule.

In the 84th Congress I again introduced this legislation which was cosponsored by Senator Robertson. I introduced the measure again in the 85th, 86th, 87th, 88th, 89th, 90th Congresses, and again in this Congress I introduced S. 142 on January 15, 1969. Unfortunately, I have never been able to secure any action on this measure by the Senate Labor and Public Welfare Committee.

This has been most frustrating, particularly when the Florida State Legislature in 1947, acting on the suggestion of a labor-management committee which included the State head of the AFL–CIO, passed a law requiring binding arbitration in disputes between utility companies and their employees. Mr. President, the law, although invalidated by the action of the Supreme Court in its divided opinion in the Wisconsin case—*Amalgamated Association of Street Electric Railway and Motor Coach Employees of America, Decision 998, et al.* v. *Wisconsin Employment Relations Board* (340 U.S.C. 383, 71 S. Ct. 359, 95 L. Ed. 354) dated February 26, 1951, still remains on the Florida statute books.

Mr. President, I bring this matter before the Senate as it supports, I believe, the need for the Senate committee to take action in this area. And I might say in closing that the interpretation of the principal authors of the Taft-Hartley Act as expressed to me personally was that the majority of the Court came forth with a highly strained interpretation of the intent of Congress in the passage of the act of 1947. Senator Taft, in talking with me, made no secret of his complete disagreement with the majority opinion and expressed himself strongly to me on several occasions. Congressman Hartley's interpretation of the bill as shown beginning on page 6383 of the CONGRESSIONAL RECORD of June 4, 1947, is completely different from that of the majority of the Supreme Court in its interpretation of the act.

Mr. President, the inaction of the Labor and Public Welfare Committee to correct an interpretation of the Supreme Court which is contrary to the views of the authors of the legislation is of great concern to me, particularly since legislation has been pending before the committee since 1951, some 18-plus years. It would appear that during this space of years corrective action could have been taken to make the law of the land what Congress intended at the time of passage of the act. I am hopeful that the committee will do so, but I must confess I am doubtful that my voice will be heard now, for it has not been heard in the past.

Mr. President, it is a deplorable pity that Congress is forced by the inaction of its Labor Committees to stand speechless and helpless in performing the necessary task of protecting the public against stoppages in local utility services such as those providing electric power, water, gas, and local transportation. I hope that at long last this committee will wake up and grant us a hearing so that Congress may correct this deplorable situation.

TAX REFORM ACT OF 1969

The PRESIDING OFFICER (Mr. ALLEN in the chair). At this time, in ac-

cordance with the previous order, the Chair lays before the Senate the unfinished business which the clerk will please report.

The ASSISTANT LEGISLATIVE CLERK. H.R. 13270, the Tax Reform Act of 1969.

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 315), offered by the Senator from Montana (Mr. METCALF).

The Senator from Montana (Mr. METCALF) is recognized.

Mr. MANSFIELD. Mr. President, will my colleague yield to me without losing his right to the floor?

Mr. METCALF. Mr. President, I yield to my distinguished colleague without losing my right to the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. 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. METCALF. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

DEFENSE DEPARTMENT RESEARCH PROJECTS AND STUDIES

Mr. MANSFIELD. Mr. President, on November 19, the military procurement authorization for fiscal year 1970 was signed into law. Part of that law, section 203, stipulates that none of the funds authorized may be used to carry out any research project or study unless such project or study has a direct and apparent relationship to a specific military function or operation. On November 20, I wrote the Secretary of Defense expressing my concern with the interpretation that the Office of Research and Development at Defense intended to give to section 203.

On December 2, I received a most positive and encouraging reply from Deputy Secretary of Defense David Packard. His letter expressed no disagreement with the interpretation of congressional intent that was expressed in the Senate with respect to section 203. I wish to commend Secretary Packard and the Department of Defense for such a constructive attitude in this area of significant importance.

I ask unanimous consent that my letter to the Secretary of Defense of November 20, 1969, and the answer of Mr. David Packard of December 2, 1969, which answer includes a copy of his memorandum to all Department heads in Defense Department be printed in the RECORD at the conclusion of these remarks.

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

(See exhibit 1.)

Mr. MANSFIELD. Mr. President, it will be noted from that memorandum that the Office of the Secretary of Defense passed the word throughout the Defense Department that any project which does not comply with section 203 must be terminated in an orderly way as soon as possible. In addition, the Department is reviewing all current studies and projects as well as the selection criteria used to evaluate proposed work to assure that the criterion will be applied explicitly in every case. Furthermore, in addition to the internal review now begun, the National Academy of Sciences has been asked by the Defense Department to carry out a complete examination of all projects and studies in the gray area—those projects and studies that do not have a readily apparent military application—and to adjudge independently which do not meet the criteria of section 203.

The gray area in my judgment would certainly be larger than those projects presently sponsored under the heading of basic research. In other words, some applied research certainly would fall within the possible challenge of section 203.

Dr. Packard's response is positive and constructive, and is to be commended. I am well aware of the magnitude of the change required by section 203, but I am encouraged by his attitude that its implementation can go forward in an orderly, thoughtful way. With such a positive attitude, precipitate, last-minute action that might seriously disrupt research projects can be averted. Our joint emphasis will be the orderly transfer to other agencies of projects that do not meet the criteria of section 203.

Several points bear repeating. Section 203 is not intended to cause needless disruption of high quality research; nor is Secretary Packard's attitude indicative of an intended overresponse.

Section 203 has the positive aim of reducing the dependence of basic, scientific research upon military appropriations. Let us be specific on this point. It affects military support of those scientists who pursue the uncovering of new knowledge in whatever direction and way they find most interesting. This is the basic research of which Dr. Vannevar Bush wrote so eloquently in his report to President Truman about scientific research after World War II. Section 203 contemplates that scientists whose interests and way of work focus upon solving problems may continue to receive military funds provided their research has a direct and visible relationship to military needs.

Section 203 does not ban the Defense Department from sponsoring research in universities, or in not-for-profit research institutions. The Defense Department retains ample authority to fund research by university scientists who wish to apply their talents to solving problems of national defense.

Section 203 is not intended to disrupt the work of any scientist simply because his work now funded by defense appropriations does not meet the new criteria. The cooperative attitude apparent in Secretary Packard's letter encourages me to expect that the Defense Department, the civil departments and agencies, the Bureau of the Budget and Congress can arrange for the orderly transfer of quality research projects that should be continued by other agencies, and for appropriate funding arrangements.

Section 203 makes it abundantly clear to students, to scientists, to officers of universities and not-for-profit institutions and to industrial contractors that money received from defense appropriations for research is needed to carry out a specific military need or function and is directly related to the defense needs of this country. No need is of higher importance. The work that will be sponsored by the Defense Department will be able to stand on its own feet and meet the true and open test of a valid need of the Department. The National Science Foundation and other civil agencies will be charged with the responsibility for continuing the investigations that expand our existing base of knowledge in the various scientific disciplines.

As I said on November 6, the performing of research to meet the needs of defense is honorable work. Scientists and universities who receive defense funds for a valid defense need should be proud, never ashamed. It is only when the sponsorship of a project is questionable or the subject matter of the mission is questionable does an element of doubt enter the relationship.

Section 203 reminds all of us that scientists who are interested in problem-solving are just as much a part of the scientific community as are those who pursue knowledge for its own sake. Both outlooks are necessary not only for defense, but also for resolving the many urgent civil problems of our Nation.

In carrying out section 203, we can now expect the Defense Department to identify its needs for research to further defense science and technology, and to publish these needs so that well-qualified, problem-oriented scientists can match their interests and abilities with the defense needs. Some of the requisite research in the future will be suitable for universities and nonprofit institutions. And I would expect it to be carried on in a close, collaborative relation with the Department's research administrator and its own laboratories.

Naturally, I expect that the total of defense-funded research will decrease as section 203 takes effect. I would point out, however, that section 203 is not intended to stimulate a transfer of funds to in-house defense laboratories. The thrust of section 203 is to confine the type of research sponsored by the Department of Defense—not simply to change the identity of the Defense contractors. The latter would be senseless subterfuge.

To expedite the working out of arrangements for orderly transfer of research concerned to other agencies, I have written to the Director of the Budget Bureau and to the Comptroller General. Today I have written to the President of the National Academy of Sciences and to the heads of the National Science Foundation, the Department of Health, Education, and Welfare and other civil agencies to urge their cooperation with the Defense Department and with the Congress in working out final arrangements for the orderly transfer of projects and funds.

The working out of section 203 will be difficult. Nevertheless, whatever the temporary difficulties may be in the long term both the Defense Department and the Nation will benefit from the assertion of the principle in section 203.

And, in conclusion, I would again congratulate the Defense Department for its positive and cooperative response to section 203. I am confident that together the Congress and the Department of Defense will be able to implement the prescription of section 203 and accomplish what is truly in the best interests of the Department and contribute significantly to a healthier attitude in our society toward those who perform research and those who sponsor it.

EXHIBIT 1

NOVEMBER 20, 1969.

Hon. MELVIN R. LAIRD,
Secretary of Defense, Department of Defense, Washington, D.C.

DEAR SECRETARY LAIRD: The consideration of the military procurement authorization bill—entailing many weeks of consideration by the entire Senate and the House—reflected a growing interest on the part of Congress in the specifics of the recommendations contained in military expenditure bills. One provision of this year's bill—which is now law—is Section 203 which, as you know, was added by the Senate and retained by the House. The intention of this section is rather clear. The language really needs no explanation since it specifies a restrictive policy with respect to the sponsorship of research by Defense. It was added by the Senate with the specific intent to reduce the sponsorship by the Department of Defense of non-mission oriented research—research that did not have a direct *and* apparent relationship to a specific mission of the Department of Defense.

Over the past two decades, the Department of Defense has sponsored far-reaching and significant research throughout the full spectrum of science. The contributions that have been made to the health and vitality of the Nation's scientific structure by the Defense Department is not disputed. However, the language of Section 203 expresses a clear policy of Congress to reduce this dependency by the scientific community on the Department of Defense. The National Science Foundation was established in 1950 to contribute the Government's share to maintain a proper level of scientific inquiry—investigations for the pursuit of knowledge per *se*.

I was greatly dismayed upon being informed of Dr. John Foster's attitude with respect to Section 203. In answering a letter from Senator Fulbright concerning the Defense Department sponsorship of a study of birds, he expressed the belief that Section 203 would have no effect on that study or on the operations of his office and the research that was being sponsored. The Congress of the United States does not attempt to enact futile gestures; it should be most resentful when an Executive agency decides to ignore its clear expression of intent.

I am writing today to Mr. Staats, the Comptroller General, and requesting him to establish appropriate guidelines and machinery to determine the effectiveness of Section 203 and to return a preliminary finding prior to the consideration of the appropriations bill this year.

I think an appropriate test of these guidelines would be to determine what impact they would have had on last year's expenditures if it had been enacted last year.

With warm regards, I am

Sincerely yours,

MIKE MANSFIELD.

THE SECRETARY OF DEFENSE,
Washington, D.C., December 2, 1969.

Hon. MIKE MANSFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MANSFIELD: I thank you for your letter of November 20 inquiring about the Department's views regarding Section 203 of the Military Procurement Authorization Act. We appreciate your concerns and would like to explain our position.

There is absolutely no question that the Department will comply fully with the law. I have directed all components to review critically all current and proposed research and development projects and studies to ensure that they have a direct, apparent, and clearly documented relationship to one or more specifically identified military functions or operations. Any project or study which does not fulfill the criterion of Section 203 will be terminated. For your information, a copy of my memorandum on this matter is enclosed.

In addition to this comprehensive review within the Department, we have contacted the National Academy of Sciences and invited them to consider carrying out a complete examination of all projects and studies which might be regarded as marginal under the provisions of Section 203.

With respect to Dr. Foster's recent letter to Senator Fulbright concerning the impact of Section 203, I have discussed the issue in detail with Dr. Foster. He shares without reservation my firm intent to comply completely with the law.

I intend to follow this issue closely and personally in the future, and to cooperate fully with Comptroller General Staats in his review of this matter. Please be assured that in our FY 1971 budget requests and program plans, we will reflect detailed consideration of the intent of Section 203 in relation to Defense needs for research and development.

Sincerely,

DAVID PACKARD,
Deputy.

THE SECRETARY OF DEFENSE,
Washington, D.C., December 2, 1969.

Memorandum for the Secretary of the Army, Secretary of the Navy, Secretary of the Air Force, Director of Defense Research and Engineering, Assistant Secretaries of Defense, Directors of Defense Agencies

Subject: Section 203 of Military Procurement Authorization Act.

Section 203 of the Military Procurement Authorization Act, P.L. 91-121, approved November 19, 1969, provides as follows:

"Sec. 203. None of the funds authorized to be appropriated by this Act may be used to carry out any research project or study unless such project or study has a direct and apparent relationship to a specific military function or operation."

This provision is, in effect, reiterative of the legal principles and longstanding RDT&E policies which have governed and will continue to govern the use of Defense appropriations for RDT&E activities. However, insufficient attention has been given to making clear to the Congress the basis for deciding to support work in a particular field, and particularly the connections between relatively basic research and the long-range Defense problems and missions which require such research.

In order to assure full compliance with the intent of Congress as expressed in Section 203, addresses are requested to assure that prior to the approval of a new research project or study, or the continuation, modification or extension of an existing research project or study, the project manager furnishes a written statement which describes, as clearly and simply as possible, the project or study and its purpose, together with its direct and apparent relationship to one or more designated military functions or operations. Any project which does not have a direct and apparent relationship to a specific military function or operation must be terminated in an orderly way as soon as possible.

I have asked Dr. Foster to work with you in reviewing all current RDT&E efforts, as well as selection criteria used to evaluate proposed RDT&E studies and projects. The purpose of this review will be to assure that the long-standing Department policy, requiring that the criterion of relevance-to-military-missions be applied throughout the RDT&E program, has been and is being applied explicitly in every case. If necessary, please consider supplementing the appropriate directives to ensure that the provisions of Section 203, P. L. 91-121, are followed completely.

In summary, addresses are requested to take all necessary actions, beginning immediately, to comply fully and scrupulously with the law. Under no circumstances shall the Department support work which does not have a direct, apparent, and clearly documented relationship to one or more specifically identified military functions or operations.

DAVID PACKARD,
Deputy.

TAX REFORM ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 13270), the Tax Reform Act of 1969.

Mr. METCALF. Mr. President, last night, immediately after my amendment was called up, I made a speech explaining the purpose of the amendment.

In summary, it has a very simple purpose; namely, to get at the abuses which have resulted from nonfarmers taking unfair advantage of the special accounting methods designed to ease the bookkeeping chores of legitimate farmers. These accounting methods grew out of the necessity to give the farmer a more simplified method of accounting on his inventory and capital gains, because of the sophisticated bookkeeping records that we give to businesses and industries all over this Nation. Especially livestock and dairy farmers, and orchard operators have special accounting rules and do not have to keep an inventory at the end of the year.

For example, during the course of the hearings, I was asked a question by one of the Senators on the Finance Committee, "Why should Woodward & Lothrup have a tea room and take a loss and have to be treated differently from a man who goes out into a livestock farm and takes a loss?"

The answer is, of course, that Woodward & Lothrup is on an accrual system of taxes, and they include everything in their losses and do not have the special benefits which are given to the farmer.

Thus, this business of allowing the farmer a special tax benefit, which has grown up and which we recognize and which is useful and which should be continued, in recent years has given rise to an abuse by people with large incomes from nonfarm areas, people such as doctors, lawyers, brokers, and bankers—people with an independent income from stock operations, going in and converting their annual income at a high tax bracket level into a capital gains income in a subsequent year.

Everyone who has studied this problem is concerned with it. Everyone who has studied this problem would like to correct this abuse.

About all the difference we have here in the Ways and Means Committee and in the Finance Committee and in the amendment I am offering today is in the various ways to correct that abuse.

In the House, I testified on this same piece of legislation. I testified before the Ways and Means Committee. Some of the members leaned over the desk and said to me, "Senator, we have farms that we are operating in that same way." One member said, "I have a farm but I am not making a loss, I am making a profit on it."

All of them made, in my opinion, an honest effort to correct the abuse of the tax loss farmers.

However, in the House they put in an EDA provision, which would allow the tax-dodge farmer to defer the loss from year to year.

In my opinion, and in the opinion of tax experts, that would mean that over the long period there would be a deferment of nonfarm income, and such a dispersion of it that the bill would be largely ineffective.

In addition, it means that we would have to give the ordinary, legitimate farmer the sophisticated tax system that bookkeepers have in industries. We would have to give the farmer one of the most complicated tax bookkeeping systems in the whole income tax system.

Mr. TALMADGE. Mr. President, will the Senator from Montana yield?

Mr. METCALF. I am delighted to yield to the Senator from Georgia.

Mr. TALMADGE. I should like to ask a few questions about the bill. Is it true that——

Mr. METCALF. May I go on to say a few words about the Finance Committee——

Mr. TALMADGE. Go right ahead. If the Senator would prefer, I will ask him a question or two at the conclusion of his remarks.

Mr. METCALF. I am not concluding them yet, but I would like to say a few words, that the committee has made an improvement in the House bill.

The Finance Committee then, confronted with the problem in the House bill, and the House's opportunity to try to correct this abuse, adopted another procedure. That is a much more simplified procedure, which has been revived and refined in the suggestion I made in the amendment to the House that a "farmer" be defined by the amount of money that he earns and that abuse of income be taken care of by an actual deduction.

A good deal of the language that is in S. 500 has been incorporated as a part of the draftsmanship in the committee amendment to H.R. 13270.

So the approach that the Finance Committee has made is simpler for the legitimate farmer, than the approach taken in the House bill, but does need correction.

It has been frequently stated that when the amount of nonfarm income is $15,000 or over, the abuse is largely uncorrected. The House bill and the bill as reported by the Senate committee are both subject to the criticism that they leave the abuse largely uncorrected. A person who has a large nonfarm income of over $50,000 and an artificial farm loss of over $25,000 will still be able to deduct 50 percent of his artificial farm loss above $25,000.

So I will say to my friend from Georgia that we are talking about dollars today, about where we begin to define a "farmer." Is it a man who is on a farm and earns a nonfarm income in some other activity, at $50,00 or over, or is it a man on a farm who may be living off the fringes of the suburbs, and do we permit him to earn $15,000, on which he can take farm losses?

I want to compliment the committee and the members of the committee who looked into this problem and were aware and cognizant of the abuses and who, I think, made every effort to meet the issue, except that they made the dollar exclusion figures far too high. The purpose of my amendment is to bring it down to more realistic figures.

To show Senators exactly what we are talking about, according to information received from the Internal Revenue Service by the joint committee, about 3 million individuals file farm returns each year. About one-third of those people report losses from their farming operations. My amendment would apply to 14,000 people who have large nonfarm income and take large artificial farm losses as an offset against that nonfarm income.

The bill as reported by the Senate committee would apply to only 3,000 persons.

My amendment would substantially increase the revenues collected. The revenues raised as a result of the bill reported by the committee would be——

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

Mr. METCALF. I promised to yield to the Senator from Georgia first. Then I shall be glad to yield to the Senator from Utah.

Mr. TALMADGE. I have not had time to read the Senator's amendment in great detail, but I have heard it hurriedly. What does it provide? Does it provide that if one has a $30,000 income a year or more from nonfarm income, he cannot deduct any farm losses?

Mr. METCALF. That is not quite right. Economic agricultural losses have been written into the amendment, and adopted by the committee, so that if one had an economic loss of $100,000 and had a nonfarm income of $100,000, he could deduct it. But outside of the economic losses I have set out in my amendment, if one has a nonfarm income of $15,000 and a farm loss of $15,000, he can deduct it. It phases out dollar for dollar up to $30,000 nonfarm income. After that $30,000, if one has a nonfarm income of $30,000 or over, as the Senator has stated, and an artificial farm loss——

Mr. TALMADGE. What does the Senator mean by "artificial farm loss"?

Mr. METCALF. I have placed in my amendment the following definition:

> The term "special deductions" means the deductions allowable under this chapter which are paid or incurred in the business of farming and which are attributable to—
>
> (A) taxes,
>
> (B) interest,
>
> (C) the abandonment or theft of farm property, or losses of farm property arising from fire, storm or other casualty,
>
> (D) losses and expenses directly attributable to drought, and
>
> (E) recognized losses from sales, exchanges, and involuntary conversions of farm property.

If one has any of those losses, he can take them against nonfarm income in full; but if he seeks to take advantage of the special accounting—for example, holding breeding stock over 13 months, and then converting it to a capital gain—then he cannot take that as a farm loss.

Mr. TALMADGE. Where I come from they raise a good many peaches. In my area of the State they frequently have frost. In fact, a good crop is had only about two times out of every 5 years. If a farmer loses his crop because of weather hazards under those conditions, does it mean that the Senator's amendment would not permit him to take that loss?

Mr. METCALF. My amendment would permit him to take 100 percent of that loss.

Mr. TALMADGE. That is not the way I read it. The Senator permits such persons to deduct taxes, interest, abandonment or theft of farm property, losses of farm property arising from fire, storm, or other casualty.

Mr. METCALF. Would not frost be another casualty?

Mr. TALMADGE. I do not know.

Mr. METCALF. I feel it would. We suffer from frost in some of the apple industry areas in my State. That is a farm loss that can be taken against farm income in the carryover provision, backward and forward, even if one does not have farm income—

Mr. TALMADGE. But he eventually has to recoup that by profits on his farm, as I read the Senator's amendment.

Mr. METCALF. Any losses, under my amendment, and I am reading from page 7 of the amendment No. 315, subsection (3). The same provision is in the bill as reported by the Senate committee. Any losses could be taken against nonfarm income, no matter what the amount. The $15,000 or $30,000 is not attributable to those special deductions. The committee report that enumerates those losses states the same thing that I stated in my testimony before the committee.

Mr. TALMADGE. What if there is a collapse in the market price?

Mr. METCALF. My amendment states "losses from sales, exchanges, and involuntary conversions of farm property." That is an actual farm loss, and, under this amendment, one could take up to 100 percent off the nonfarm income.

Mr. TALMADGE. But there would not be a sale if there were a complete collapse of the market price. It might not be worth going to market. I have seen that on feed crops in my State of Georgia. The price would be so cheap that one would not even undertake to sell them, because he could not recover his cost of labor.

Mr. METCALF. It seems to me that,

under the present law, if one has a recognized loss and he can take it, then under this provision he has a recognized loss. If the Senator is saying the loss he has enumerated is not recognized today, I am not changing the law.

Mr. TALMADGE. Under the bill as reported by the committee, some are allowed that are not allowed under the amendment of the Senator, as I see it.

Mr. METCALF. No; it is exactly the same under the committee bill as under my amendment. The only exception we do not allow under the committee bill is the exceptional——

Mr. TALMADGE. Under the committee bill one can deduct 50 percent of his loss provided he does not have income from nonfarm sources of $50,000 or greater and the excess loss is $25,000. But as I read the Senator's amendment, it is pretty firm and one is limited to his deductions by sales. That means he buys something and sells them. If one did not sell his farm crop, I do not know that would apply to sales and exchanges if the price were so low that he did not even sell it.

Mr. METCALF. I suggest that my friend the Senator from Georgia turn to page 193 of the bill—that is, the committee bill—and check as I read my amendment:

SPECIAL DEDUCTIONS.—The term "special deductions" means the deductions allowable under this chapter which are paid or incurred in the business of farming and which are attributable to—

(A) taxes,

(B) interest,

(C) the abandonment or theft of farm property, or losses of farm property arising from fire, storm, or other casualty,

(D) losses and expenses directly attributable to drought, and

(E) recognized losses from sales, exchanges, and involuntary conversions of farm property.

I ask the Senator: It is identical, is it not?

Mr. TALMADGE. It is identical, with this exception: The Senate committee bill permits you to take $25,000 of farm losses and half the excess, and the Senator's amendment permits you to deduct nothing.

Mr. METCALF. My amendment permits you to deduct every dollar of farm losses under that "special deduction" provision from nonfarm income. Every dollar. If you have $100,000 of nonfarm income, and you have $100,000 of economic losses, under that provision, you can deduct every single dollar, under my amendment.

Mr. TALMADGE. But it can be deducted only if it relates to taxes, interest, losses arising from fire, storm, or other casualty, or from abandonment or theft losses, expenses directly attributable to drought, and recognized losses from sales, exchanges, and involuntary conversions. As I say——

Mr. METCALF. It is exactly the same as the committee bill.

Mr. TALMADGE. But the dollar figure is vastly different.

Mr. METCALF. The dollar figure is vastly different. I say that a man who has an income outside, from a nonfarm activity, of $50,000 or more, is not a farmer in the sense that he should be permitted to take advantage of the special accounting privileges that we give farmers.

Mr. TALMADGE. We have many farmers in Congress, and our salary is fixed by law at $42,500.

Mr. METCALF. The farmers in Congress have been taken care of. Our salary is $42,500 and the committee bill provides you can take a farm loss of up to $50,000. So the House bill and the committee bill have taken care of the gentleman farmers who also have a congressional income.

Mr. TALMADGE. Some of us were farmers before we came to Congress.

Mr. METCALF. And were profitable farmers.

Mr. TALMADGE. Some years I was; and some years I was not. I never was a very profitable farmer, and I do not know many who are.

Mr. METCALF. This is whom I am trying to protect: The man who is not a profitable farmer some years, who has to compete with this gentleman farmer who comes in from the outside.

Let me read the Senator a letter from a woman on an Arabian horse farm, who says that she believes in the free enterprise system, and she would like to work within the system on the farm. This is a letter from a woman in California, written to the executive secretary of the International Arabian Horse Association. She says:

I am well aware that owning and raising Arabian horses can be very expensive, and that a nonfarm income is most helpful in paying the bills between sales of livestock. However, having lived in a ranch community in Wyoming for a good many years, and having numerous friends who are trying to make a living by farming or ranching, I must seriously protest your stand—

The stand was in opposition—

on S. 500 and H.R. 4257. That our extremely unfair tax system has allowed so many farms and ranches to be run at a loss by "absentee big business" at the expense of those who are trying to make a living by ranching is to me a crime, and I am most gratified that the good Montana Senator is seeking to remedy this situation.

As a staunch conservative, I am very much in favor of the free enterprise system which has made our country so great, and it would appear to me that a return to a "free market" in the ranching/farming sector of our economy would be much better for all concerned than a continuation of subsidizing uneconomical livestock producers at the expense of those trying to earn their livelihood in this industry.

Mr. TALMADGE. I thoroughly agree with that, and I applaud the Senator's objective of trying to take some of the tax advantages out of farming. The Committee on Ways and Means tried to do the same thing, and so did the Finance Committee. In fact, we have 12 or 14 pages of provisions in that committee amendment, trying to tighten up in this area.

But it seems to me that the Senator's amendment's provisions that you cannot take true losses on farm operations if you have income in excess of $30,000 is going too far. In my State, we have quite a number of pecan farmers and fruit and vegetable farmers, and growers of other things of that nature, who frequently, because of the elements, insects, disease, failure of market price, and any of the other hazards of nature and the market, have huge losses; and if they cannot take those loses, I am afraid we are going to do irreparable harm to honorable, hard-working, God-fearing farmers who are not using any tax gimmick.

Mr. METCALF. I assure the Senator from Georgia that it is not my intention to do harm to any of those farmers.

Mr. TALMADGE I know that is not the Senator's objective, but I am afraid that, in drawing this amendment, he went too far.

Mr. METCALF. The amendment is not my amendment, as the Senator knows. The amendment was hardened and refined and drawn by experts.

Mr. TALMADGE. I know the Senator has been working on it for years, with the help of many able people.

Mr. METCALF. The amendment I have here, so far as it affects the people who concern the Senator from Georgia, is exactly the same as the provisions in the committee bill, and I congratulate the committee and the Senator for their excellent work in drafting those provisions.

Mr. COOPER. Mr. President, will the Senator yield for a question or two?

Mr. METCALF. I yield to the Senator from Kentucky.

Mr. COOPER. I simply want to find out, for my own information on the effect of the amendment proposed by the junior Senator from Montana, if this is correct: If a person has nonfarm income in excess of $30,000, he would not be able to offset against that income any farm losses?

Mr. METCALF. Artificial farm losses arise as a result of taking advantage of the special farm accounting rules. He would be able to offset the true economic farm losses I have been discussing with the Senator from Georgia. If the farm losses resulted from the special deductions listed in my amendment such as casualties and so forth, which I have enumerated, he could offset the full economic farm loss against his nonfarm income.

Mr. COOPER. The Senator has limited those deductible losses to four or five items.

Mr. METCALF. The Senator is correct.

Mr. COOPER. Which, as the Senator from Georgia has pointed out, would not include, in my judgment, some kinds of loss which might be incurred year after year. As I understand, the most that could be offset, would be $15,000 in farm losses, and that would be reduced $1,000——

Mr. METCALF. Dollar for dollar in the category of paper losses.

Mr. COOPER. Dollar for dollar, as nonfarm income increases, up to $30,000.

Mr. METCALF. And then there would be no loss deduction after that.

Mr. COOPER. For instance, an individual having $29,000 in other income would be able to offset farm losses of only $1,000?

Mr. METCALF. In capital gains, or something of that sort.

Mr. COOPER. I know the Senator from Arizona, Senator FANNIN, is on the committee, and I will yield to him soon.

Mr. FANNIN. No, that is all right.

Mr. COOPER. Has any information been furnished to the committee as to the number of persons who might fall into the category the Senator describes as nonfarmers?

Mr. METCALF. Under the committee bill, and under the definition of the committee bill, that only includes individuals with adjusted gross nonfarm income of over $50,000; only 3,000 out of about 1 million individual farm loss returns would be affected. My amendment would affect 14,000 of those same returns or about 2 percent of the total, and two-thirds of the 14,000 individual income tax returns affected by my amendment would reflect nonfarm adjusted gross income in excess of $100,000.

Mr. COOPER. How much income would accrue to the Treasury if the Senator's amendment were adopted?

Mr. METCALF. According to the joint committee, my amendment would bring in $205 million. The Senate bill would bring in $15 million.

Mr. COOPER. There are people, of course, who purposely use the existing provisions to offset large farm losses. But I must say I have read the testimony, and it seems to me that according to the record of the committee, most livestock breeders and horse breeders are engaged in farming as a legitimate business with the intention of making a profit.

There is a provision in the committee bill as I understand, that if a farmer makes a profit in 2 out of 5 years, the presumption is that he is engaged in business for profit.

Mr. METCALF. That is under the present law.

Mr. COOPER. No. There is a different provision in the Senate committee bill. The amendment proposed by the Senator from Montana is too harsh, and should be voted down.

Mr. METCALF. There is the so-called hobby loss provision in the law which is largely very unjust. Many people say, "Why don't you take care of that provision?"

Mr. FANNIN. It is in the bill.

Mr. METCALF. The real difficulty that most of these people have is amplified by this influx of the tax loss farmer into the community.

These people can compete without trying to earn money on their farms. The legitimate farmer cannot compete with the man who is farming for the purpose of transferring outside income from the 70-percent tax bracket to the capital gains bracket of 25 percent.

Legitimate farmers have to compete for money to finance their operations with people who are operating at this level. And the legitimate farmer is very adversely affected by this sort of operation.

This is the man that I am trying to protect.

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

Mr. METCALF. I yield.

Mr. FANNIN. Mr. President, is it not the objective of the Senator—and I certainly would praise his objective if it is—to protect the American farmer and see that we would give protection to the farmer? Is that not the Senator's objective, to make our farmers competitive?

Mr. METCALF. That is right, to make them competitive with each other on the productive capacity of their farms.

Mr. FANNIN. More importantly, they must be competitive with other countries of the world. Has the Senator checked to see how much of our agricultural production is going outside of the United States?

Mr. METCALF. Mr. President, a good deal of it is going outside of the United States. For instance, my own State, since we are near the Pacific coast fortunately, is one of the chief exporters of wheat as a result of our negotiations with Japan under Public Law 480 and under our agricultural exports. It is one of the prime things in our balance of trade already.

Mr. FANNIN. The Senator is correct. However, that is rapidly changing. We are gradually exporting our jobs in farming, manufacturing, and most all industries.

We are becoming noncompetitive.

If the Senator will check the records, he will see that many farmers in the Southwest are moving into Mexico. Many others are operating farms in South American countries and other countries with the idea that, through the use of the cargo planes, they can bring their produce back to the United States cheaply.

Some are even thinking of farming in Spain. With the practically boxcar cargo planes we now have, they can bring their produce back to the United States, and the transportation would not be any more expensive than it would be from California to the market in the East.

I think we must lower the cost of production in the farming industry. We are not going to do that with the small farms. We will do it with operations that can take advantage of modern technology. If we do not do this, we will find ourselves without an agricultural business in the future.

Mr. METCALF. Mr. President, the Senator is going in the opposite direction from me. I wish to cause our tax laws to be an opportunity for our legitimate farmers to operate—whether small or large—and not have them compete with a man who is farming only to acquire an income tax loss.

Mr. FANNIN. Is it not our objective to produce food in the United States of America and to supply jobs for our people and revenue for our farmers?

Mr. METCALF. And income for our farmers.

Mr. FANNIN. And your legislation would defeat that. That is exactly what you are doing in your proposed measure, defeating that objective.

Mr. METCALF. The present law is doing that.

Mr. FANNIN. The present law is not doing it. The Senator says he resents that money being placed into the agriculture industry by people who are not farming but are using a special privilege that we have given the farmer for his accounting system so they might change their nonfarm income into a capital gain.

That is not true, because if the Senator means that this is what is happening, I point out that we are trying to get the farmers to move from the cotton crops—because there is overproduction—into other crops where there is production needs.

Mr. METCALF. I doubt if this measure would affect many cotton farmers.

Mr. FANNIN. It certainly would. And this is what we are up against if we cannot help them to go into other type crops.

Mr. METCALF. Why should we subsidize a broker to go into the farmer business and compete against a legitimate farmer?

Mr. FANNIN. We are not subsidizing a broker to go into the farming business. These are legitimate farmers.

Mr. METCALF. Mr. President, why should we subsidize a $100,000 a year lawyer to go into the livestock business and compete with legitimate livestock operators? Why should we subsidize a man with $1 million in stocks and bonds to go into the orchard business and compete against legitimate orchard operators?

Mr. FANNIN. We should not subsidize but we should assist our farmers to be competitive with the other countries of the world and we must build those industries. We are not going to do it otherwise. We should make opportunities available for our people.

What is happening now is that our agricultural farmers are going into other countries and developing agricultural industries. That will not produce benefits for our workers.

Mr. METCALF. Mr. President, I do not think we will stop that by permitting this inequity and injustice to remain in the tax bill.

Mr. FANNIN. Mr. President, does not the Senator agree with me that if more and more money is invested in the agricultural industry, it is to our advantage?

Mr. METCALF. Of course it is, if it is invested for legitimate reasons by farmers or for farm activity. However, if the Senator means an investment by people outside of the farm so that we would give them an unfair competitive advantage in their operations and competition with legitimate farmers, then it is not to our advantage.

Mr. FANNIN. But if that small farmer cannot compete, we should do something about it. We better help them to compete in the market here in the United States.

Mr. METCALF. This is not the way to do it.

Mr. FANNIN. I think that it is. It is the only way we can have an agricultural market in this nation.

Mr. METCALF. Mr. President, I could not disagree more with the distinguished Senator.

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

Mr. METCALF. I yield.

Mr. MOSS. Mr. President, I am pleased to join with the Senator from Montana as a cosponsor of his amendment to close the hobby farmer loophole. The Senator is the Senate's acknowledged expert on this subject and I am glad he has persisted with his amendment.

The Metcalf amendment must be adopted or the Senate cannot make any serious claims about having eliminated this tax dodge.

The Finance Committee's bill makes only a token effort to stop this abuse of our tax code. The best indication of this tokenism are the meager revenue gains. The farm loss provisions in the committee bill would bring in only $15 million. Given the magnitude of the hobby farmer loophole, this paltry sum makes reform into a joke.

But under the Metcalf formula the fat-cat hobby farmers would stop laughing; 14,000 of them would be affected by this amendment and the Treasury would be $205 million richer.

The legitimate farmer—the individual Congress sought to help by permitting him to use simplified accounting rules—would not be hurt by this amendment. In fact, he will be helped. Not only will farmers still be allowed to operate under a cash accounting system, but legitimate farmers will not have to compete against the tax dodging hobby farmer. In their single-minded efforts to create an artificial tax loss, hobby farmers are notorious in driving up land prices and driving down commodity prices. While the hobby farmer gets rich by deducting his artificial tax loss from his nonfarm income, the legitimate farmer suffers.

The present loophole is so attractive that farm "investments" are solicited in advertisements as a means of achieving a tax loss to shelter nonfarm income Some of these advertisements are blatant appeals to hobby farming, saying in so many words, "let us buy some cattle for you and we will guarantee you a tax loss." I find these advertisements disgusting.

The Metcalf amendment would eliminate the attractiveness of hobby farming by limiting to $15,000 or the amount of "special deductions" listed in the amendment, whichever is higher, the amount by which a farm loss may be used to offset nonfarm income. Special deductions are those that would be allowed to someone whether or not he was in farming or because it is the type of deduction clearly beyond the taxpayer's control. Examples would be such things as droughts, fire, storm, or other casualties.

Either the desire for tax equity or the need for tax revenue each by itself is reason enough to vote for this amendment. Together the appeal is irresistible.

So, Mr. President, I should like to voice my support of the amendment of the Senator from Montana. I think it is in the interest of the farmers themselves, and I think it would provide additional revenue, which is a concern now on the floor of the Senate, as to whether we are making too many charges against our revenue. This would increase the revenue collected, by cutting out what is a great loophole now—the hobby farmer, who goes into farming simply to get the loss and to write it off against his income from another source.

I thank the Senator from Montana.

Mr. ALLOTT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Colorado?

Mr. ALLOTT. I would like the floor in my own right.

Mr. METCALF. I will yield the floor at this time.

Mr. ALLOTT. Mine is an extraneous matter. I will wait until the Senator has concluded.

Mr. METCALF. A few minutes ago, the Senator from Wyoming asked me whether I would answer some questions that he has, but I will yield the floor at this time, and then I will seek to obtain it again.

Mr. ALLOTT. I thank the Senator.

Mr. President, much concern has been demonstrated by many of us in the last few days with respect to the actions of the Senate upon this tax bill. Late yesterday afternoon, the distinguished Senator from Delaware (Mr. WILLIAMS) read a list of the deficiencies that this bill has created so far by the amendments that have been added on the Senate floor. I join with those who believe that this bill, as it has developed so far, is very——

The PRESIDING OFFICER (Mr. BYRD of Virginia in the chair). Will the Senator suspend?

The Senate will be in order.

The Senator from Colorado may proceed.

Mr. ALLOTT. Mr. President, it took so long to obtain order that I do not remember my last sentence, so I will begin again.

Many of us feel that this bill is highly irresponsible—at least, I do. Two editorials have been published in the last 2 days which I think deserve the attention—and I mean the serious attention—of the U.S. Senate. Unfortunately, it is impossible to correct the foolish actions that the Senate has taken thus far on this bill.

The Washington Post, which is not exactly known as a citadel of conservatism, has in its paper this morning, Saturday, December 6, an editorial entitled "Shortchanging the Nation." There they set forth, with a feeling which I think is very responsible, exactly what we are doing to feed and fuel the inflationary fires of this Nation.

I am one of those who believe that, of all taxes, the tax of inflation is the most serious and the most cruel tax, because it hits those people who can protect themselves least—those on pensions, those on fixed incomes, those who are retired, those on social security, and, of course, inevitably, those in the very low-income tax brackets. People with great wealth can vote for all these fine things, because they can protect themselves with their numerous economic advisers and they can hedge against inflation, when the poor man on the street, the retiree, and the widows and the widowers who are unable to work any longer cannot protect themselves.

The other editorial appeared in the Washington Daily News of Thursday, December 4, entitled "Torpedoed Tax Reform." This is a discussion of the exemption amendment, the so-called Gore amendment, and is along the same lines.

We have now built into this tax bill, this "reform"—and I put that word in quotation marks—bill almost $12 billion of deficits as of this morning, before the consideration of the pending amendment. I think it is high time that the Senate reassume its status as a responsible body, which it has had for many years, and which I am not sure it deserves as of this morning.

I ask unanimous consent to have both these editorials printed at this point in the RECORD.

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

[From the Washington Post, Dec. 6, 1969]

SHORTCHANGING THE NATION

There are two ways of looking at the votes of the Senate on the Gore and Hartke amendments to the tax-reform bill. Many regard these decisions as highly irresponsible gestures toward inflation at a time when the country is still struggling, with indifferent results, to keep prices from going through the ceiling. Others see them as normal political responses to a so-called "motherhood" issue which should not be taken too seriously. It remains to be seen which view is the more accurate.

On its face, however, the Senate vote to increase the personal exemption of each taxpayer from the present $600 to $700 in 1970 and $800 in 1971 is an inflationary action of no mean proportions. The estimated revenue cuts in the Finance Committee bill were serious enough. But Treasury figures indicate that taxpayers would owe $2.3 billion less under the Gore amendment in 1970 and $3.7 billion less in 1971—a total of $6 billion in two years. To this must be added an estimated loss of $600 million in 1970 and $700 million in 1971 from Senator Hartke's proposal to leave the 7 per cent tax credit in effect for the first $20,000 of any business's investment in machinery and equipment. The House and Finance Committee bills would completely repeal this tax credit.

Both these blows to the concept of fiscal policy as a vital weapon in the fight against inflation came at a very embarrassing moment. While the Senate was voting to slash revenue, the House Ways and Means Committee decided to increase social security benefits by 15 per cent. In the background are pressing plans for revenue sharing, for large outlays to fight crime and hunger, for preservation of the environment and for other urgent undertakings.

Meanwhile the pressures of inflation continue to mount, despite some turndown in industrial production and an increase in unemployment. The report of an 11 per cent increase in projected plant and equipment investment in the first half of 1970 compared to this year tells much about the continued inflation-mindedness of the business community. Soaring interest rates, in some instances above 10 per cent, further dramatize the spreading dislocations.

It is no time for the Senate to be adding fuel to these inflationary flames in the form of general tax cuts. The bonanza offered by Senator Gore could turn out to be a cruel hoax if it further accelerates demand and higher prices or if it forces the Federal Reserve Board to overplay its credit restrictions in the absence of any fiscal restraints.

These is still hope, however, that the Senate, having gone on record for a popular form of tax benefit, will wind up in a more responsible posture. The House-Senate conference committee could retain the promise of a more generous personal exemption and perhaps avoid the risk of a presidential veto by prescribing a longer phase-in period. Or it could build up the revenue side of the bill by adopting the version of the varying reforms which promises to produce the largest returns. There is still time to put together a

sound tax-reform bill that will not short-change the country on revenue at a critical moment. But the Senate has made that job more difficult and thrown a much greater burden on the leaders who must write the final bill.

[From the Washington Daily News, Dec. 4, 1969]

TORPEDOED TAX REFORM

Members of the U.S. Senate who voted to increase the personal income tax exemption from $600 to $800 may be political heroes to the folks back home—but they don't rate any medals in the battle against inflation.

The amendment approved yesterday by a margin of 58 to 37 would cost the Federal Treasury more in lost revenues in the next two years than either the House-passed bill or the measure approved by the Senate Finance Committee.

Not satisfied with this much generosity, the senators then voted 48 to 41 to modify rather than repeal the inflationary 7 per cent tax credit on capital investment. This could cost the Treasury $720 million a year.

The net result of all this munificence would be lower tax collections at a time when the Federal Government should be trying to drain money out of the economy.

Sen. Albert Gore, D-Tenn., chief sponsor of the $800 personal exemption bill, noted that raising the tax exemption for each dependent by $100 next year and another $100 in 1971 will have broad popular support because it can be understood "by every mother in America."

Translated, this means that the tax cut should be as simple and obvious as possible for the greatest political impact during an election year.

Unfortunately, the Gore amendment ultimately would cost several billion dollars more than the revenue-producing measures in the tax-reform package would provide.

This is typical of the inconsistency in the Senate's actions so far.

On the one hand, it displayed fiscal responsibility by voting to extend the surtax (at a reduced rate) until next July and by agreeing to cut the oil depletion allowance for the first time in 43 years.

Then it approved an expensive and irresponsible tax-relief proposal which, one senator put it, "a lot of political sex appeal."

Fortunately, the damage in the Senate amendment can be undone when the bill goes to a Senate-House conference committee to be reconciled with the House version of tax reform.

We hope the conference would do something to curb inflation—not encourage it.

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

Mr. ALLOTT. I am happy to yield to the distinguished Senator from Vermont.

Mr. AIKEN. I hope that the Senator from Colorado realizes that the vote on many of the amendments which have been adopted was a vote of great confidence in our conference committee.

Mr. ALLOTT. I know what the Senator is saying, and perhaps he is correct.

Two things are certain—at least, of which I am certain. We should not write a tax bill on the Senate floor. I have been saying this for months. Forcing the Finance Committee to come out with this bill on October 31 was nothing but an assurance that we would write this bill on the Senate floor. What I have said has now come true, and we are doing the worst thing we can, which is to try to write a tax bill as a Committee of the Whole, and it has inevitably come to the conclusion it has.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield to the distinguished Senator from Delaware.

Mr. WILLIAMS of Delaware. Does the Senator from Colorado agree that if the various amendments, which add to the large loss of revenue, have been adopted by the Senate on the premise that Senators can vote for them here and then go home and tell their constituents how much they wanted to help them, but then later expect the conferees to eliminate the amendments when we go to conference, it is nothing but sheer political hypocrisy?

Mr. ALLOTT. In my opinion, it is exactly that. I was about to make one concluding remark about the question which the distinguished Senator from Vermont asked me. I do believe it is sheer hypocrisy.

There are many things that many of us believe in. For many years I have been one of those who have joined in support of the expenses of education amendment which was adopted yesterday afternoon. Under other circumstances, in the climate in which we have operated in the past, it was a very worthy amendment. The goals it seeks to attain are still worthy. But in today's atmosphere, I think it is hypocrisy; because I have heard all over the Senate floor, from both sides of the aisle, constant and repeated expressions such as, "Well, I only hope to God that the conference committee can write this bill." Well, it is our job to work our will on the bill here, and not to depend on the conference committee.

Mr. WILLIAMS of Delaware. The reason I make that point is that after we pass this bill and appoint the conferees, we go through the farce of instructing the conferees to stand solidly behind the Senate amendments. Yet, a number of Senators who voted for some of these amendments have already approached me, as one of the potential conferees, to say, "All right, JOHN, you strike that out and do not bring it back from conference because it should not be in the bill."

I think that is not fair. I think the Senate should not adopt any amendment that it does not want the conferees to bring back. If the conferees brought back a bill such as is being approved here, as of today the President would have no choice except to reject it, because of the revenue loss involved.

Mr. ALLOTT. I am sure that is true.

Mr. President, I yield the floor.

The PRESIDING OFFICER. What is the will of the Senate?

AMENDMENT NO. 389

Mr. GORE. Mr. President, in a tax bill which devotes hundreds of pages to an effort to achieve tax reform, it is distressing that some taxpayers will get new loopholes created for them, albeit in the name of tax incentives. The committee bill creates three large new tax loopholes.

Mr. President, I send to the desk an amendment to strike out the three loopholes. I have the honor of the cosponsorship of the distinguished senior Senator from Delaware (Mr. WILLIAMS) in this amendment. I ask unanimous consent that the amendment be printed and that it lie on the table.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. GORE. Mr. President, these new loopholes are contained in the three provisions permitting rapid depreciation—or amortization—of expenses for railroad rolling stock and locomotives, pollution control facilities, and rehabilitation of low- and middle-income housing. These provisions will cost the taxpayer $720 million in tax expenditures—$830 million under the House bill—$720 million that ought to be going to low- and middle-income taxpayers in the form of tax relief. It is interesting to note the type of persons and corporations that will benefit from these provisions:

Those railroads that are presently in a profitable position;

The factories that have been polluting our air and water for the past 100 years;

Slumlords, some of whom have kept low-income people in conditions of housing misery;

Syndicates created to invest in the tax losses generated by these new deductions—a big, new loophole.

There is no reason why any of these groups should have a claim to three-fourths of a billion dollars ahead of the average taxpayer, or at the expense of an unbalanced budget.

Information furnished the Finance Committee indicated that the dimensions of the benefits accorded by these provisions can be illustrated by recasting them in other forms. The House bill granted a 5-year rapid writeoff for pollution control facilities. Many of these facilities have a useful life of as long as 50 years. A 5-year writeoff for such a facility is the same as granting a 20-percent investment credit to the corporation for that facility. This action is especially unjustified when we are in the same bill repealing the 7-percent investment credit. Fortunately the Finance Committee substantially revised the House provision, but the fact remains that there is no justification for creating this new loophole. The recent Senate action in approving a $1 billion pollution control program renders this tax loophole provision superfluous.

Similarly it is instructive to recast the rapid writeoff benefit being accorded slumlords to rehabilitate low-income housing. The bill rule provides 70 percent taxpayers with the equivalent of a 19-percent investment credit with respect to expenditures for items that have a 20-year useful life.

It is also possible to view this new real estate tax loophole as a Federal subsidy to reduce the taxpayer's costs incurred to finance the project. In the case of a 70-percent bracket taxpayer who makes expenditures with a 20-year useful life, the bill rule has the effect of lowering his interest expense from 8 to 3 percent. The discriminatory nature of the rule is made apparent in the fact that a 20-percent bracket taxpayer would have his 8-percent interest rate reduced to only 7 percent. Now, one cannot reasonably imagine HUD coming to Congress and

proposing a housing rehabilitation program under which it would loan money to the wealthy at 3 percent, but would charge middle-income taxpayers 7 percent. Congress would reject such a proposal out of hand. Yet this is precisely the system which Congress is endorsing in this new real estate loophole.

For railroads, the new "incentives" provide an investment credit equal to almost 5 percent. Why railroads should get a continuing investment credit when it is being repealed for other industries has never been explained.

A further difficulty of each of these provisions is that wealthy individuals are provided more opportunities to engage in tax profiteering. We can expect the formation of syndicates of high-bracket taxpayers who will ostensibly be investing in these various activities. Leasing syndicates were formed under present rules to "buy" and "lease" airplanes to our major airlines. The only economic significance of these transactions was the marketing of the tax advantages of the investment credit and accelerated depreciation to wealthy taxpayers so that they could reduce their taxes. Now the same kind of gimmickry will be engaged in with railroad boxcars and locomotives, housing, and pollution facilities.

The creation of these new loopholes in a bill for tax reform is an insult to the American taxpayer.

If these moneys are to be spent for railroads, pollution control, and housing, then the money should be allocated through the regular appropriations processes so that informed judgments can be made by those with expertise in these respective areas as to the priorities that should be established for the expenditure of these funds. They cannot be justified in terms of tax policy since they are contrary to proper accounting rules. Nor can they be justified as a national expenditure policy since there is no evidence that these tax expenditures are consistent with our national priorities.

These new loopholes should be stricken from the law.

Mr. President, it is the purpose of the Senator from Delaware and the senior Senator from Tennessee to call up this amendment early next week.

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

Mr. GORE. I yield.

Mr. LONG. Would the Senator state again what three items he has in mind?

Mr. GORE. I have in mind the item affecting railroads, the item providing extremely accelerated amortization for certain pollution control facilities, and the item giving a tax benefit to certain housing rehabilitation costs, or to syndicates to invest in any of these three.

Mr. LONG. The Senator, I believe, knows that when we voted on the investment tax credit in committee, while I personally voted for no exceptions, the majority view in the committee was that railroad rolling stock should be excepted from the repeal of the investment tax credit because of the shortage of railroad rolling stock. In view of that, the administration urged that rapid amortization be substituted in the hope the Senate would repeal the investment tax credit with no exceptions. It was on that basis that we agreed to the provision for a 5-year amortization of railroad rolling stock.

In the view of many of us if we had not done that we were faced with a possibility of exempting first railroad rolling stock, and then having other industry exemptions, so that we would see the bill dismembered by industry exemptions. There is no doubt in my mind the truckers, who have every bit of influence in this country that railroads do—they are greater in number and seem to be more effective when it comes to communicating to their elected representatives—could have gotten an exemption also.

My prior experience has been that once an exemption is allowed for railroads, the truckers and the airlines get the same thing.

I hope the Senator realizes that if we had not done something like this we would have been faced with the distinct possibility the bill would have been so dismembered that it would have been totally ineffective.

Mr. GORE. I realize the distinguished chairman and the committee were under a great pressure from lobbyists for the railroads. I see no justification, however, for giving a special privilege in order to avoid giving it in another form. I do not think it should have been given in either form. I did not vote for this provision in committee, and neither did the senior Senator from Delaware. Neither of us was prepared to vote for the other items which these special interest sought.

I expect to discuss this matter more fully when it is called up, but suffice it to say the principal railroad beneficiaries of the provisions in the bill will be not those railroads losing money but those that are making a profit.

We have done a great deal here in the name of rolling stock. The fact is that the provision includes locomotives as well as rolling stock. This is a new loophole in the tax law. I know there are excuses for it, but there is no justification.

Mr. LONG. The Senator is aware of the fact that in committee I did not vote for the small business exception or the minimum $20,000, and neither did he. We kept the investment tax credit without exception. However, on the floor of the Senate, Senators voted on this exception. Is the Senator aware of that?

Mr. GORE. I agree that happened. I did not vote for it.

Mr. LONG. Neither did I.

Mr. GORE. I did not vote for it in committee and neither did the chairman. Of course, the Senate can work its will.

But here is a new loophole in the tax law created by this bill and I do not think it should be there. We hope to strike it out. We do not think it is justified and if it is justified for the railroads, I do not see why other forms of transportation could not claim it is justified for them, too, just as the investment credit would have been.

With regard to pollution control facilities, this provision is equivalent to a 20-percent investment tax credit. I do not expect to discuss it at length this morning because I do not anticipate bringing the matter up until the amendment can be printed and studied by Senators.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I am glad to join the Senator as a cosponsor of this important amendment. The Senator stated he expects to call the amendment up next week.

Mr. GRIFFIN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. WILLIAMS of Delaware. Mr. President, so there will be no misunderstanding, if at the conclusion of the proceedings today no other amendments are to be offered, I am sure the Senator would agree we would call the amendment up today so we can go to third reading and pass the bill. In other words, we are not going to hold up the bill for this amendment. I do not know whether we can finish the bill today, but I do wish to make that statement.

Mr. GORE. I concur with the Senator.

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

Mr. GORE. I yield.

Mr. PASTORE. I am sorry I was not here when the Senator began his remarks. Do I understand his amendment is directed to removing the exemptions that were made to the elimination of the investment tax credit?

Mr. GORE. No. The distinguished chairman of the committee was suggesting in colloquy a few moments ago that the committee felt the justification for this provision to be, as I understood it, that if so-called relief were given to railroads by way of an investment credit, then the trucklines and airlines would ask to obtain a similar treatment. Therefore, according to the distinguished chairman, and I think I am accurately stating his point of view, this kind of relief for railroads was decided on.

I was saying that I did not agree that the railroads are entitled to this kind of relief or to the investment credit, because the relief goes primarily to railroads that are already in a profitable position, not to those in a loss position and that need help the most.

Mr. PASTORE. As a broader reason, I think we would be making a tragic mistake if we began to except any industry as against another industry. If an industry needs help, we ought to provide it on a case-by-case basis, not under the investment credit law. After all, we in Rhode Island have problems of amortization in the textile establishment. It is just as important as the railroads. There are many industries that would come in and make a case for an exception. If we are going to remove the investment credit tax, we ought to remove it for everyone. Then if it is necessary to have a subsidy in certain instances for the welfare and prosperity of our economy, we ought to consider providing consideration on a case-by-case basis. The minute we begin to rivet this provision with exceptions, we are in trouble.

Mr. LONG. Mr. President, I should like the Senator from Rhode Island to understand that I took exactly that atti-

tude in committee. But let me tell him what happened. When we were voting on the investment credit, prior to the time the amortization matter came up, I voted for no exception, but that if we were to have no exceptions, we should honor the terms of contracts already in existence, and provide no exceptions in the repeal.

Then someone pointed out the critical shortage of railroad rolling stock. A vote was taken on that question, and by a narrow margin—a margin of one vote—the committee agreed, by a vote of 9 to 8, to provide an exception for railroad rolling stock. When that was agreed upon, there was no doubt in my mind, based on what had happened before, that we were issuing an open invitation to the trucking industry to come in and demand similar treatment, and to the airline industry also.

There was no doubt in my mind that we would see a repetition of what happened on the floor of the Senate, when the Senator from Rhode Island, along with the rest of us, voted to suspend the investment tax credit. Once one exception goes into the bill, there is always a flock of others to come.

To avoid this problem in connection with the repeal of the credit, the Treasury then undertook to pursue the approach of allowing amortization for railroad rolling stock during a period of a critical shortage of railroad rolling stock, and to terminate the amortization provision when the shortage no longer existed. That was agreed to in order to obtain the votes to strike from the bill the only exception to the repeal of the investment tax credit. That has a lot to do with its being here.

Mr. PASTORE. I understand it now. But so far as the investment tax credit is concerned, as reported by the committee, there are no exceptions?

Mr. LONG. There were none. There is one now. The Hartke amendment put one in for a $20,000 exception for each taxpayer but——

Mr. PASTORE. That is for small business.

Mr. LONG. That is right. That will cost $720 million. But when we brought it from the committee, there were no exceptions.

Mr. GORE. I should like to say to the Senator from Rhode Island that——

Mr. PASTORE. I mean, for this amortization, I was only questioning whether we were having an exception to the repeal of the investment tax credit.

Mr. GORE. That is what I wanted to comment upon. We can provide an investment tax credit by another name or formula and call it something else. The provision which the Senator from Delaware (Mr. WILLIAMS) and I seek to repeal, called an incentive, amounts to a 5-percent investment credit for railroads.

Mr. PASTORE. Is it not just fast amortization?

Mr. GORE. What is the difference?

Mr. PASTORE. There is a big difference. We can still deduct it from our taxes. The question is, Can we amortize it in a shorter numbers of years? That is nothing new. We have precedent over precedent for that.

Even John F. Kennedy, in 1961, accelerated the amortization of machinery in the textile mills because of the number of mills in New England and the northern part of the country, which were so dilapidated and old, which were competing with mills in foreign countries which had modern machinery because we had given them foreign aid to build up that modern machinery.

Mr. GORE. It amounts to the same thing. That is precisely the point I am making. This so-called incentive is, in fact, an investment credit. It reduces taxes. I will not proceed further with this, Mr. President. We will discuss it at greater length when the amendment is called up.

FARM TAX LOSSES

Now, Mr. President, I wish to address some remarks to the Senate with respect to the question of farm losses. Here is a problem with which the Senate must deal. According to the Treasury Department, there are some 3 million farm tax returns filed each year, and 1 million of them show losses.

The Metcalf amendment would affect 14,000 of that 1 million. Two-thirds of the 14,000 taxpayers affected by the pending amendment have nonfarm adjusted gross income in excess of $100,000 per year. The others have nonfarm adjusted gross income—the other one-third, that is—of between $15,000 and $100,000 per year.

Now, Mr. President, I should like to take a short time to state, as succinctly as possible, how this comes about.

If I may modestly suggest, I think I know how it comes about, because for several years I have been, in private life, engaged in small business and also in small farming operations and enjoying, too, nonfarm and nonbusiness income.

Here, I think, is the situation: Certain tax rules are generating so-called farm loss nontaxpayers, very similar, in fact, to the real estate "tax loss" nontaxpayers. Wealthy individuals have invested in certain aspects of farm operations solely to obtain tax losses—largely bookkeeping losses—for use to reduce their tax on other income. The result has been to create a high degree of artificiality in the farm economy.

There are two provisions in present law, designed to assist small farmers, that are utilized by nonfarmers to the detriment of our progressive tax system. The first of these permits a farmer to use the cash system of accounting even though he has inventories. This privilege is not accorded other businesses. Second, the farmer is permitted to deduct currently expenditures that should be capitalized under proper accounting rules.

These tax benefits have been used by nonfarmers most notoriously in the case of cattle and horse raising, citrus groves, and timber. One of the remarkable aspects of the problem is pointed up by the fact that persons with large nonfarm income have a remarkable proponsity to lose money in the farm business.

It is important to retain simple accounting rules for true farmers. However, the abuse by nonfarmers of the tax rules designed for farmers should be ended.

In other words bookkeeping losses. It prevails not only in real estate, but also in leasing and in farming, in citrus production, in timberlands, and fruit orchard establishments.

Mr. METCALF. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. METCALF. I think it should be emphasized here, however, that the farmer has special accounting system——

Mr. GORE. I am coming to that.

Mr. METCALF. That allows him to generate paper losses not analagous to business losses.

Mr. GORE. I am coming precisely to that. The Senator is referring to the special privilege that farmers have of keeping their books, taxwise, on a cash return basis. A Senator or Representative would be hard pressed convincing an average farmer that he had realized income before he sold his calves, colts, or his fruit.

Nevertheless, businessmen are more realistically required to keep books on an accrual basis.

Actually, a farmer does realize income—perhaps not cash income before he sells—when the value of citrus orchard increases, when he keeps his females and accumulates his herd of cattle or horses, or what not. He has, in fact, realized income in any realistic sense; that is, he has had an accretion in the value of his orchard, his herd, et cetera.

As I say, cash bookkeeping is practical for the average farmer, and I would not want to deny that to farmers. I would not wish to cause every small farmer to hire an accountant to keep his books on an accrual basis. He can keep the checks with which he buys feed, pays labor, and trucking bills, he can keep receipts when he sells something at the market, without the expense of accountants.

But this privilege, practical and desirable for farmers, has been taken advantage of by people with large nonfarm incomes. Wealthy individuals have invested in certain aspects of farm operations, we suspect and the Treasury suspects, solely to obtain tax losses—that is, bookkeeping losses—for use to reduce their tax on other income. The result has been to create a high degree of artificiality in the farm economy.

There are two provisions in present law designed specifically to assist farmers that are utilized by some nonfarmers—that is, tax investment farmers—to the detriment of our progressive tax system, to the end of avoiding their fair share of taxes.

The first of these, to which I have already referred, is a cash system of accounting. The second is the one that permits a deduction of current expenditures that, in fact, in a larger, more sophisticated operation, should be capitalized under proper accounting rules.

These tax benefits, as I have said, have been used by nonfarmers most notoriously in the case of horses, citrus groves, timber, and cattle, though there are other instances.

One of the remarkable aspects of the problem is pointed up by the fact that persons with large nonfarm income have

a remarkable propensity to lose money in the farm business. They can be quite successful in other instances, but they have a remarkable propensity for losses in farming. I think it is important to retain the simplified farm accounting rules for the practical farmer. However, the abuse by nonfarmers of tax rules designed for farmers themselves should be ended.

That brings us to the effort of the distinguished Senator from Montana. He wishes to end them. There are members of the Senate Finance Committee, too, who wish to end that practice. I am one of those.

I do not think the committee bill is sufficiently specific and stringent in this regard. I am persuaded that the amendment offered by the distinguished junior Senator from Montana may be too drastic; $15,000, it seems to me, is an unrealistic amount, because, as costly as farming is, even a man who employs only five people and has a modest investment, can lose $15,000 hardly before he knows it if he is not careful. Farming is a hazardous business.

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

Mr. GORE. I yield.

Mr. METCALF. Of course he can lose $15,000 in his farming operation, and this amendment would not affect that in any way. The figure $15,000 was selected because the Treasury survey—and the testimony is in both the House and Senate hearings—suggested that above $15,000 of nonfarm income was where the border line was crossed between a man who is actually operating a farm for legitimate purposes, and a man who is working on a farm for tax purposes. We put in the provision of $15,000 of nonfarm income to take in that farmer who is on the fringes of the suburban areas, who works in town, and operates his farm, and permit him to have the same opportunity for tax benefits that both the Senator from Tennessee and the Senator from Montana seek for legitimate farmers.

The $30,000 adjusted gross nonfarm is not unrealistic, as far as surveys are concerned, to show the difference between a legitimate farm operator and a man who is using his nonfarm income for the special tax benefits generated by the accounting methods the Senator from Tennessee describes. These are the criteria used in arriving at the basis for the phaseout provision in my amendment.

Mr. GORE. Mr. President, I hope that the Senator will examine the committee bill and the suggestions for changes in the committee bill offered by the senior Senator from Tennessee in his individual views. It is my hope that we can find a meeting of the minds, so that this practice of tax avoidance can be eliminated, or at least very greatly minimized.

Mr. HANSEN. Mr. President, first of all, I want to pay my respects to my distinguished colleague from Montana (Mr. METCALF). He comes from range country, as I do. I am certain he is trying his best to accomplish two things in the amendment he has developed before the Senate at this time.

One is to present legislation which he sincerely believes will be helpful to the farming and ranching businesses; and, second, to close tax loopholes that he believes must be closed in the wider, greater public interest.

Mr. President, with respect to the Senator's concern over those engaged in farming and ranching, it must honestly be said that there are a number of farmers and ranchers who support the Metcalf amendment. I would add, however, that there are a far greater and overwhelming number who oppose it.

Among those who support it—and I have in mind the western Wyoming area of Jackson Hole—are some who believe that the Metcalf amendment would be good because it would provide some way to deny the time-honored American principle of freedom of choice and substitute a system which would keep people out of the farm and ranch business.

I must say that there are persons who feel, that the Metcalf amendment would help in that, in effect, it would impose a license to farm on all Americans. While it does not say "You cannot enter the business," actually the economic barriers to an entry into that business would deny an opportunity that I think all Americans should have, and a right that I hope would remain unabridged.

Mr. CURTIS. I agree with the distinguished Senator from Wyoming. I should like to call the attention of Senators to one or two facts.

Farming is the only business where there is a restriction against writing off its losses. We single farmers out in that regard. I daresay that a great number of eating places run by department stores are intentionally operated at a loss. They are not touched by this bill, or any proposal. I do not know how many newspapers are deliberately published at a loss. They are not touched here, either. The only field where this harsh rule has been applied is agriculture.

Now, another thing, Mr. President: Farmers are the only people who came before our committee and said, "Here are some loopholes, let us close them."

There was a loophole in reference to soil conservation practices, because someone would buy a rundown piece of land, charge off for improving the soil, sell it right away, and get a capital gain. Under the bill before us, they have got to hold it 10 years. That loophole is plugged.

It was agriculture that came in and said, "You can double the length of the holding period for capital gains." It was a year—twice as long as for any other property. It is now 2 years, under the committee bill.

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

Mr. CURTIS. I yield.

Mr. TALMADGE. In addition to the 2-year holding period, the bill also provides for recapture of any depreciation taken.

Mr. CURTIS. Yes. Also, it is written into the bill that there cannot be a tax-free exchange of a male calf for a female calf. We think they have plugged these loopholes.

The trouble with the Metcalf amendment is that it is an overkill. I had a rancher call me, who said, "Many of these proposals might have been all right 50 years ago, but they are too late now." He said, "My land is mortgaged higher than it has ever been." He said, "If Congress stops outside capital from coming into agriculture, land values will go down, and we will all be broke."

The Metcalf amendment, as I say, is an overkill. The committee provisions are just and sound, and they will do the job.

We must keep in mind also, Mr. President, that we have treated agriculture more harshly from the standpoint of losses than any other industry.

I thank the Senator for yielding.

Mr. HANSEN. Mr. President, I was speaking about the concern that I know my distinguished colleague the Senator from Montana does hold for farmers and ranchers. As I have already said, there are those who support the position the Senator has taken. One of the reasons they support that position—and this is a statement that I have heard made by numerous ranchers; and when I use the word numerous, I do not mean to imply more than perhaps a few percent, I would think not more than 5 percent of the total number of farmers and ranchers in this country—is that, as the Senator himself admits, one of the effects of his amendment would be to depress land prices, and if you want to buy out your neighbor, that is an awfully appealing package to hold out. If you think that you might be able to gobble up the holdings of some of the smaller farmers around you, and be able to do so in a restricted market, without the competition that characterizes that market today, then this measure would have an appeal.

I have heard a few people in Jackson Hole, where I live, say that they would like that, so that they would not have to face the competition that comes from other people, people from outside the State of Wyoming who are also interested in farming or ranching within the State of Wyoming.

There are three times, insofar as I can determine, that the average farmer or rancher does not want land prices to be high. One of those times is when he is buying land. He wants to buy it as cheaply as he can.

He is also pleased to have land prices low when the county board of equalization or the tax assessor comes around to set the tax on that land. That is another time when he does not want to have prices high. And he does not want to have them high when he anticipates his death and the inheritance taxes that will apply to it.

Having said that, I know of no other time when any farmer or rancher in this country wants to have land prices low. He wants to have them high when he goes to the banker and says, "I need more money to run an operation that has not been paying out too well."

Mr. METCALF. Mr. President, I wonder if my friend from Wyoming will yield at that point.

Mr. HANSEN. I yield.

Mr. METCALF. A young man goes to the bank and says, "I would like to borrow some money to buy a couple of sections of adjacent land."

The banker looks at it and says, "You cannot produce on that land. That land is priced at $120 an acre more than its productive capacity. The only way you can get that land is to have some tax gimmick."

The young man says, "I do not have a tax gimmick. I am just a rancher, and have to make my income from ranching."

Then the banker says, "That land is overpriced. The only way we can lend you the money is if you can get a contract with Oppenheimer Industries, or some of these other people getting a tax subsidy and a tax benefit."

What we are trying to do—and I think the Senator from Wyoming is as agreeable to this as I—is make the value of land equitable with the agricultural productive capacity of that land, so that a young man going to the bank can say, "I can produce cattle," or "I can grow a citrus grove," or "I can make an investment, and I can make an income on it that will pay off this loan."

He cannot do that today in some areas, where these tax farmers are coming in and inflating the price of land.

Mr. HANSEN. Mr. President, it should be noted that the average tenancy of farmers and ranchers in this country today is around 7 years, and it should also be noted that there are in this country today some 107 million head of cattle. The Oppenheimer Industries, to which my distinguished friend from Montana has referred, owns only about 200,000. How much validity do those facts lend to the statement of the Senator from Montana? Fewer than one out of every 500 head of cattle, if my mathematics are correct, would be represented in the ownership of the Oppenheimer Industries.

It just is not true that the typical banker in the United States today is telling young people, "You cannot borrow money," because, first of all, the turnover in ranches disproves that, and the relatively insignificant number of cattle that is represented by the holdings of the Oppenheimer Industries underscores it as well.

Now let me continue insofar as land values are concerned. In my State of Wyoming, and in most of the rural West and much of the rural East, land values are important. They are not only important to the rancher when he is trying to borrow money; they are of even greater importance to the young schoolchildren who must depend upon an adequate tax base for the kind of education we need in this country today. If you depress our land prices in America by 50 percent, I suggest that the rural areas of this country will be coming to the Halls of Congress and asking for greater Federal support than we are now giving. It is just that simple.

There is a great contribution made, in the typical school district, in my State of Wyoming, by the assessed valuation of land, of livestock, of farm machinery, and of farm improvements, that goes to make for better schools.

So let us not be deluded by the statement that lower land prices would help the average farmer or rancher. They would not help him at all. And if he should have to sell out, or if the breadwinner in the family should die and the widow has to sell out, I can assure you that she will be very happy indeed to have as many buyers around as possible, actively bidding for her piece of property. Any effort which would result in a diminution of the number of those persons interested in buying some country real estate will hurt that widow and those children, whose only inheritance must come from the values wrapped up in that land.

Mr. President, according to a study made by the Texas A. & M. University, I think there is around $112,000 tied up in the typical farm or ranch in this country. That is quite a bit of money. However, more depressing than the size of the investment necessary to start out in the farming or ranching business is the fact that the Texas A. & M. studies disclose that the average capital return from farming and ranching is less than 3 percent.

This simply means and underscores the fact that we have got to have a constant infusion of new capital if we expect improvements to take place in agriculture, if we are going to have the experimental programs implemented so that the farms and ranches can take advantage of the new technology and the new know-how which is being discovered by the colleges and by the research institutions throughout America.

This costs money. It is not easily done. Let us not do anything to make our great American farm inefficient. Let us remember that only 5 percent of the population of this country today shoulders the burden and the responsibility of feeding the other 95 percent of the American population.

Not only do they do that job pretty well, but they also supply a large part of the requirements for food and fiber to the remainder of the world as well.

Forty-six percent of all of the farm population receives nonfarm income or income from outside sources. Thirty-two percent of all the farm population receives income from nonfarm work for over 100 days a year.

According to the Farmers Home Administration, what would be achieved today if the Metcalf amendment were to be agreed to would be in direct opposition to existing Government programs such as those sponsored by the Farmers Home Administration which are designed to encourage farmers to increase their nonfarm income.

The objects of such programs are to establish nonfarm trades and businesses and thus provide rural communities with services previously unobtainable.

Mr. President, the trouble with the result of the amendment, well intentioned though it is, would be to move in direct contradiction to what is best for rural America.

It is recognized today that the problems of the cities reflect first of all the problems of rural America. It has been a tough thing to make farming operations profitable enough to keep the people on the farms and ranches.

As a consequence, a great many people have migrated to the great cities of this country. And they become part of an increasing problem simply because they go there with no skills and little ability to find employment.

I think that anything we can do to make farming more profitable—and certainly the infusion of new capital into rural America would make it more profitable—will be in the national interest.

Mr. President, the current economic situation in farming and ranching is far from booming. Testimony before the Senate Finance Committee during hearings on this tax reform bill indicates that the return on investment for the livestock industry is only 1 to 3 percent. Another study conducted by Texas A. & M. University concluded that on an investment of $2,000, a return rate of less than 3 percent was received by the rancher. This did not take into account the rancher's labor and overhead.

It is the responsibility of 5 percent of our population to produce the food and fiber for 100 percent of the people in the United States plus much of the world. It goes without saying that this cannot be accomplished without a constant infusion of capital into farming and ranching.

The farm and ranch industry must look outside agriculture and its 1 to 3 percent return on investment to obtain great quantities of new capital required for the competitive farm and ranch producer. Outside capital flowing into agriculture has been the source of improved land, new breeding stock, technological developments, and public and private agricultural research.

In the mid-1960's farmers were spending about $3.4 billion a year for new farm machinery. They were providing jobs for 120,000 employees, plus they were purchasing products containing about 5 million tons of steel and 320 million pounds of rubber. This is enough rubber to put tires on nearly 6 million automobiles. Today's farmer uses more petroleum than any other single industry and more electricity than all the people in the cities of Chicago, Detroit, Boston, Baltimore, Houston, and Washington, D.C., combined. There can be little doubt concerning the great expenditures of capital necessary for today's farm and ranch operation.

The Metcalf amendment strikes hardest at a person who is first starting out in the agricultural business, because it is likely that this individual must depend heavily on nonfarm income to offset his farm losses. The strict provisions of the Metcalf amendment would make it extremely difficult for a person to survive the first years when his capital expenditures are necessarily the largest.

Farmers are looking more and more to outside capital to meet the increased requirements to which they must adhere to remain competitive. The dependence on nonfarm income is on the increase. Forty-six percent of the farm population is forced to depend on nonfarm income for income from outside sources. Thirty-two percent of all the farm population are forced into 100 days a year of nonfarm work.

Mr. President, I submit that these facts suggest that the farmer must go to outside sources of capital to remain in the farm and ranch business.

The provisions of the Metcalf amendment limits the amount of farm losses which may be offset against nonfarm income. This discourages those presently engaged in agriculture from seeking to diversify their income sources. This is in direct opposition to existing Government programs such as those sponsored by the Farmers Home Administration, which encourages farmers to increase their nonfarm income. The objects of such programs are to establish nonfarm trades and businesses and thus provide rural communities with services previously unavailable.

The farmer must look to outside income to supplement his agricultural operation and keep it alive during drought and low prices with the hope that next year will be a better time.

The one great asset and source of security which every farm and ranch owner realizes is that he is the owner of valuable land. Testimony before the Finance Committee during its hearings on this tax reform bill indicates that the proposal which is before us today would have a substantial effect on the value of land.

The present amendment would dampen the economic attractiveness of our farm and ranch operations. When that occurs, land prices are certain to decline.

The farmer and rancher has to depend on the value of his land to obtain credit and raise capital with which he may make investments and provide the maintenance necessary to operate a modern farm or ranch. The use of nonfarm resources such as machinery, equipment, and production items has increased the need for agricultural credit. The use of credit in agriculture has been expanded rapidly since 1950 while the total farm economy has grown at a modest rate. In an industry where return on investment is 3 percent or less, the importance of good land values is imperative.

If we ever break the price of land in this country, every rural community in the United States will be placed in jeopardy, and every taxing body dependent on the land's value will loose the financial support for the services which it provides. This includes every independent school district. We should encourage the economic strength of our rural areas, especially when we consider the increasing problem of life in urban America.

Mr. President, the tax reform package as reported by the Senate Finance Committee already contains provisions which are adequate to close the loopholes without undue burden on legitimate farmers and ranchers.

Mr. President, I urge that the Senate not go beyond closing the loopholes. I feel that the Metcalf amendment would create such a burden on the farmer and rancher that it would have a strangling effect on the agricultural economy. I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. McGEE. Mr. President——

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

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

Mr. McGEE. Mr. President, I yield to the Senator from Louisiana.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Mr. President, I ask unanimous consent that the Senator from Montana (Mr. METCALF) be recognized, and that after he has concluded a colloquy he is to have with the Senator from Wyoming (Mr. McGEE), the debate on the Metcalf amendment be limited to 40 minutes, to be equally divided, 20 minutes to the side, between the Senator from Montana (Mr. METCALF) and the Senator from Georgia (Mr. TALMADGE).

The PRESIDING OFFICER. The Chair had recognized the Senator from Wyoming.

Mr. HANSEN. Mr. President, reserving the right to object—I will not object if the distinguished chairman of the committee will just permit me to make one further observation—I point out that the average permit on all national forest lands today throughout the United States is 68 head of cattle and 1,300-head permit for sheep.

I think that anyone who knows much about farming can appreciate that this operation, the way this industry has grown to the present moment, certainly suggests that it is not in the hands of the great corporations who are trying to take advantage of some tax loopholes, which circumstances, I admit, have existed, for which our industry has recommended, as the Senator from Nebraska has pointed out, some ways to close the loopholes.

I thank the distinguished chairman.

The PRESIDING OFFICER. The question is on agreeing to the unanimous-consent request of the Senator from Louisiana.

Is there objection? The Chair hears none, and it so ordered.

The Senator from Montana is recognized.

Mr. McGEE. Mr. President, I understand that I have the floor.

Mr. METCALF. Mr. President, the senior Senator from Wyoming has the floor. The purpose is to engage in a colloquy after which the unanimous-consent agreement can go into effect.

The PRESIDING OFFICER. The Senator from Wyoming did have the floor, but under the unanimous-consent request the recognition by the Chair of the Senator from Wyoming was rescinded.

Mr. METCALF. Mr. President, I am delighted to yield to the senior Senator from Wyoming for the purpose of asking questions.

Mr. McGEE. Mr. President, am I not correct that when I yielded for the unanimous-consent request, I had the floor?

The PRESIDING OFFICER. The Senator from Louisiana incorporated in his request the fact that the previous recognition by the Chair of the Senator from Wyoming be rescinded.

Mr. McGEE. Mr. President, I understand the parliamentary situation now.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. METCALF. Mr. President, I yield to the senior Senator from Wyoming for a series of questions and observations.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. McGEE. Mr. President, I thank my friend the Senator from Montana and I join my colleague, the Senator from Wyoming, in paying tribute to the Senator from Montana (Mr. METCALF) for his thoughtful pursuit of many of the troublesome issues at stake on this issue.

I hesitate to venture into the field of farming and livestock because I am not a farmer. I am a professor. I do not own a single head of livestock of any kind. My concern with the amendment comes from the conversations and the conferences I have had with the livestock people in Wyoming. My colleague from Wyoming (Mr. HANSEN) is a professional in the business. I could not pretend to have the sense of perspective or history that he has about this subject. But I am moved by the fact that in our assemblies with the cattlemen and with other livestock people in the State, they seem uniformly enthusiastic whenever one point is suggested: "Would it help or hurt your business if you were to keep the tax-loss boys out of the cattle business?" I have yet to hear a boo in response to that question from any cattlemen's association. One hears nothing but the strongest of ovations.

The question that arises is: Does the Metcalf amendment do that without exacting some other price? That is the issue that has been expertly raised by my colleague from Wyoming this morning: whether we are complicating the the problem rather than simplifying the problem.

My interest in this colloquy that I have requested is to try to unravel from the pending amendment the elements that are relevant to this problem, and this, I think, I am competent to do. Therefore, I should like to ask the Senator from Montana to return to the question of land values and the general assumption that is made that because of the injection of tax-loss capital funds into the ranch and farm business, the appreciation of land values has indeed become an unmitigated blessing to the average individual who is trying to make it on his own in agriculture.

Mr. METCALF. I, too, am not a farmer, but I have been concerned with tax-loss farming. Just as the senior Senator from Wyoming has experienced in his State, so also in my State many farmers are concerned by the inflated values that result from industries such as Oppenheimer, Charalois Industries, Black Watch Farms, and others, all of whom are in the tax-loss farming business.

But I do want to correct one statement before answering the senior Senator's question. The senior Senator's junior colleague from Wyoming (Mr. HANSEN) said he believed that most of the farmers in America are opposed to my suggestion, and that only a handful—I think he said about 5 percent—favor it. I shall not enter into a numbers game on that point. However, I repeat that the great farm organizations of America—the National Farmers Union, the American

Farm Bureau Federation, the National Grange, the National Farmers Organization, the National Council of Farmers Cooperatives, the National Association of Wheat Growers, the Cooperative League of the United States, the National Association of Farmers Elected Committees, Farm Land Industries, Midcontinent Farmers Association, and the National Catholic Rural Life Conference—all have supported S. 500, which is the text of this amendment, specifically by name, and have come out in support of the Metcalf amendment. This includes most of the farmers of the United States who are members of that organization. The National Livestock Tax Committee, which is hand and glove with Oppenheimer Industries, the National Cattlemen's Association, Oppenheimer Industries, and the American Welfare Association all testified against it.

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

Mr. METCALF. I yield to the junior Senator from Wyoming.

Mr. HANSEN. Mr. President, I recognize that I am denied the opportunity to respond because of the time limitation imposed by the distinguished chairman of the Finance Committee.

Mr. METCALF. The junior Senator from Wyoming has the opportunity to respond now.

Mr. HANSEN. May it not go unnoted that I do not agree with the statement made by my distinguished colleague.

Mr. METCALF. As I have said, I am not going to enter into a numbers game. I am not certain about the number of members of that organization and the number of members of the organization named on the other side, but the vast majority of legitimate farmers are in support of this proposal.

As to the question about what happens to inflated farm prices as a result of the invasion of the farm industry by these Eastern or Hollywood tax loss farmers, the junior Senator from Wyoming said that a farmer does not want an inflated value when he has to pay taxes on it.

Mr. McGEE. I did not say that.

Mr. METCALF. The senior Senator's colleague from Wyoming (Mr. HANSEN) said that. In his speech, the junior Senator from Wyoming said that a farmer does not want to have to pay inflated values when the tax values are higher, and he does not want to have to pay estate taxes, and he does not want to have to pay an inflated value when he buys his neighbor's farm. But that is most of the time.

Let me read what an actual farmer said in the testimony before the Finance Committee. He testified right after I testified. During the course of my testimony, I conceded that sometimes in a farm community this influx of tax loss farmers did bring an inflated value, and my measure would bring some of the farmland prices down.

Mr. McDonald, who was testifying for the National Farmers Union, said:

I just want to conclude by saying that there has been a good deal of discussion today; in waiting out in the hall this morning some people came out talking about the Senator from Montana——

He is referring to me——

wanting prices to go down, land values to go down, and they were laughing about it, and so forth, and I heard comments here today when I finally got into the room.

Then he said:

I just wanted to say, Senators, that I am perturbed a little bit by the opinion on the committee that an inflated land value is always of benefit to the farmer, at least some individuals think so.

I have here a study, I just happened to have it in this folder, the University of Minnesota, the Agricultural Economics Department made the survey, and they found that the recorded land purchases made in 1967, and in Minnesota there were 1,406 land purchases made by operating farmers, there were 246 made by investors. I assume those would be the people we have been trying to get after.

My point is this: that in this day of expanding technology, the farmer, if he is to compete and he is to survive, he must expand his land holdings, and in some areas the price of land is so high that the working farmer is unable to buy more land that he needs.

Now, the other side of the coin is that some corporations have come in, such as the Gates Rubber Company in western Colorado on a gigantic scale, and are undertaking to raise sugar beets among other things, and I am told by our people in Colorado that land out there is inflated, they tell me $120 an acre.

Well, the farmers out there don't like that because they are not planning to sell out. They would like to stay there. They would like to apparently buy more land. So that I would say this: that if the farmer wants to sell out, why, sure. If land is inflated, particularly if he is near a city, and I had a farm here near Washington some years ago. I sold that farm. I wish now I had waited. But I made a nice profit on it. But that is outside of agriculture, really.

The farmer who goes to the bank to borrow money, the banker wants to know what is the productivity of that farm, and will he be able to repay his loan, and so forth and so on. Senators, I just wanted to bring that point out. I do not think it is an unmixed blessing that land values are inflated.

Mr. McGEE. I thank the Senator for that response.

I think we ought to be mindful of a part of our problem in the West, as my colleague has so expertly detailed, and that is, if it were not for the inflated land values, many of our people would have been out of business long ago. They have been living off that inflated land value. But the question that it still raises in my mind is whether the inflated land price is fool's gold. They cannot see it inflated forever and stay in business. This is my concern, and it is why I raise the question. We could not have stayed in the business in Wyoming right now without that sharp rise in land values.

But we are living on borrowed time, as I see it. For that reason, I would hope that we would not surrender to the suggestion of the Senator from Nebraska (Mr. CURTIS), that we are already 50 years too late. I agree that we are 50 years too late, but I do not want to be caught being 51 years too late. What would be the consequence? The consequence would be that little guys who have tried to make a living from the land are disappearing in droves. One reason why they are disappearing in droves, is that they cannot afford the price to keep their land values and their land expansion at a rate equivalent enough to stay in business and still keep their loans to the banks under control. That is why they are going out of business.

I believe that inasmuch as we have delayed as long as we have about this matter, the time has come when we ought to make a genuine effort—which I think the Senator from Montana is trying to do—to draw some lines that may at least help the little fellow, who is steadily being pushed out of the market, to stay in the competitive agricultural field. It seems to me, from what has been suggested here, that we ought to have a second look at the consequences of a continually inflated land price and its impact on those who cannot meet the rate of that inflated land price.

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

Mr. METCALF. I yield to the junior Senator from Wyoming.

Mr. HANSEN. I could not agree more with my distinguished colleague from Wyoming. It is true that land values have been inflated, and they are continuing to be inflated, and it is not the farmers who are inflating those land values.

My distinguished colleague from Wyoming and the rest of us in this Chamber yesterday added approximately $10 billion to that inflation. I voted against most of those amendments, because I am concerned, as everyone in this Chamber should be concerned, about the inflation that is wrecking America.

Mr. President, I would submit for the RECORD that I hope it will be rejected by the people of this country. If we are worried about inflation, do not start looking at the farmers and ranchers and say, "What happened to their land values?" Look right here where the trouble is coming from. If Senators want to stop inflating land values let us get this house in order and bring the budget into balance. Then, Senators will not have to worry about inflated land values.

Mr. METCALF. Mr. President, if Senators want to stop inflating land values today, in the next hour there is an opportunity to do so by voting for my amendment.

Mr. McGEE. Mr. President, I hope we do not interject these other matters which are controversial and which divide parties on both sides, in terms of impact. We have a real question that goes back at least 50 years—at least the Senator from Nebraska said it was 50 years—during which time we have had recession, inflation, deflation, and so on.

But the inflationary process continued in land values, and for the sake of some kind of orderly method, we have to examine the impact of artificially injected capital for those who are losing money in the farm business. It is an impact not only on the land values, per se, but also on the small farmers to keep pace with these rising values. This measure enables us to try to do something about it.

As I understand it, the land inflationary values we are speaking of are those directly traceable to those persons look-

ing for a tax dodge, and that it is in that category of direct impact that we have a chance in the measure offered by the Senator from Montana, to do something about it.

But I want to stress something with him in respect to other consequences. I know a lot of ranchers—many of them friends of mine—who benefit personally as individual ranchers, from leases with the Oppenheimer outfit and the Black Watch Farm.

Several Senators addressed the Chair.

Mr. METCALF. Mr. President, I promised to yield to the senior Senator from Wyoming.

Mr. McGEE. Mr. President, the statement I was in the process of making was that I am a very close friend to some recipients of the leases, of the kinds of organizations that my colleague has also sought to make some kind of case for in the record.

The problem is the transfusion of capital. The farmers I know who are my friends do not own shares of stock in Oppenheimer or in any other group, but some of them have been put in business by them on a leased basis, with the expectation to join in.

My question is: Would we not be putting those little fellows out of business because they were unable to set up farming endeavors on their own?

I would like to correct the record on that, if my colleague would be agreeable. No one is trying to carry water for Mr. Oppenheimer or for other groups. I was making a plea on behalf of the small farmer in Wyoming who has contracts with them—Oppenheimer and Black Watch—and, thus, has been able to enter the farm business.

They are the farmers who have the same interest as the junior Senator from Wyoming. They would like to be farmers in their own right, and they believe under this system Oppenheimer put together they get a chance, at risk capital with long-term rates, that will enable them to do so. I think that is commendable.

This is the reason for the question: How are we going to keep these recipients who need this help from going broke?

Mr. METCALF. Mr. President, my amendment would apply to the 14,000 so-called farmers from New York and Hollywood who have farm returns in the country; those who are responsible for the cover on the New York magazine of a man with a Hereford in his parlor because it saves him $6,000 a year in taxes.

I am trying to put Mr. Oppenheimer out of business; there is no question about it. I think the committee and the people of America feel they have taken unfair advantage and abuse of special farm accounting rules designed to ease the bookkeeping chores of legitimate farmers and ranchers.

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

Mr. METCALF. I yield.

Mr. TALMADGE. Mr. President, I fully concur in what the Senator has stated. It has been abused; it has been a tax loophole; and, in my opinion the Committee on Finance put them out of business.

Mr. METCALF. I think they took a long step in doing so.

However, some of the reasons they need help from the man the senior Senator from Wyoming was talking about—Mr. Oppenheimer—is because of the competition, tax benefits, and the subsidies we pay outside people to come to Wyoming and open a farm and make a leasehold, as the Senator suggested.

That advantage will be taken away if Mr. Oppenheimer's tax benefits are removed; but in my opinion, and I know in the opinion of the National Farmers Union, the National Grange, and other organizations which testified, it will be offset by the fact that the competitive advantage will be restored to a farmer who can produce and earn money on his productive capacity instead of going out to compete against someone who can take a big tax loss on his cattle and benefit from his nonfarm income.

Over the distance, that farmer the senior Senator from Wyoming is talking about, as well as other farmers in the community, will benefit, and the benefit will redound to the entire farm community.

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

Mr. METCALF. I yield to the senior Senator from Wyoming.

Mr. McGEE. I wish to underscore the suggestion I made a few moments ago that this transitional condition in inflated land values may, in fact, be "fool's gold." The sooner we can get this leveled off and under some kind of control, the sooner those people who intend to farm as farmers and those people who intend to make their living from the soil rather than as another device, will be protected in the endeavor. This is the point and this is a very important contribution to sustain, support, and underline the endeavors of the Committee on Finance in this regard.

My reservations about it simply involve its effect on those who desperately need this kind of capital long-range investment loan that the Oppenheimer group makes possible.

However, I think, as the Senator has said, far down the road, looking ahead, the consequences of the present trend can be not only to put the little rancher out of business, but the big rancher should read John Donne's volume "For Whom the Bell Tolls," for I suggest, "The bell tolls for thee because you are next."

In this whole process, the corporate groups, the tax loss groups, are certainly, and at a very rapid rate, taking over and all farm statistics in this country bear this out. If we believe there is a place in our economy for the small independent farmer; if we really believe that and not just make speeches on it to get votes back home, then we had better start doing something about it. This is one of the places to stand and make that contribution.

I thank the Senator from Montana for yielding to me.

Mr. METCALF. I thank the senior Senator from Wyoming very much for his comments. Before the unanimous consent agreement goes into effect, I want to yield to my good friend from North Dakota (Mr. YOUNG).

Mr. YOUNG of North Dakota. Mr. President, I am not a tax authority at all. I do not know whether this amendment will be a perfect answer to an evil that is taking place in this country today where outside corporate interests are taking over the farming business. This to the extent that there is little land available now for young and new farmers to buy. Many farmers have small units too small to be economic. They need any available land to enable them to increase their holdings.

I happen to be one Senator who has no other financial interests except in farming. I still have the same land I had when I came to the Senate. I am no longer in the farming business and I hold no stocks or other investments.

The main argument today seems to me that if this amendment passed land prices would be reduced. That would be a good thing if that were the case, but I doubt whether it would materially affect land prices. Land prices are much too high for the prices the farmers are getting for their commodities in order to make money.

About the only ones who are making any sizable profits are the ones who are making large profits in some other enterprise which enable them to write off a tax loss on their farming operations. The price of farm commodities is too low today for the present inflated prices of land.

Thus, if it would accomplish that one thing alone, to stop inflation of farmland prices, that would be well worth while.

As I said, in my case, I still have the same land I had when I came to the Senate. I could sell that land for more than twice as much as it is really worth. So I would be better off if the price of my land was double what it is now. It is already too high.

My opinion is that if we want to help the farmers we do not want higher land prices, if we want to help our young farmers on the farms, we should not have inflated land prices.

I remind the Senate that farm indebtedness is higher now than it has ever been in our history. That indicates, in itself, that something is wrong.

Mr. METCALF. Mr. President, I thank the distinguished Senator from North Dakota. All of us look upon him as the farm expert in this body. As a member of the Committee on Agriculture and Forestry his contributions in this field have been significant.

Now, Mr. President, I should like to yield the floor and have the unanimous consent agreement go into effect. I ask that the Senator from Georgia (Mr. TALMADGE) first yield time.

Mr. MANSFIELD. Mr. President, will my colleague yield me 1 minute on his time first?

Mr. METCALF. I am happy to yield 1 minute to my majority leader on my time.

Mr. MANSFIELD. Mr. President, I believe that the senior Senator from North Dakota (Mr. YOUNG), whom many of us look upon as the outstanding authority on agricultural matters in this body,

made a significant point when he stated that farm indebtedness in this country is at an alltime high. In contrast, the percentage of our farm population is decreasing all the time. I believe it is around 5 percent, or thereabouts, at the moment.

Furthermore, this indicates that the small farmer is going out of business and the corporate farmer is coming into operation, because he can get by on his own without any outside help.

It is true that land prices today are sky high and those who want to live on farms and ranches, who want to stay close to the soil, are being squeezed out.

That is where our taxes are coming from. Who is it that buys suits and clothes, shirts and shoes, and this, that and the other thing in the little towns depending upon the farm economy?

It is not the big corporate type of ranch, but the little rancher. He is the one who pays the taxes and keeps the economy going, week in and week out, year in and year out.

The amendment is a step in the right direction toward giving the small family size farmer and rancher a little consideration and protection.

I am all for it.

Mr. METCALF. I thank my colleague very much.

Mr. TALMADGE. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. TALMADGE. Mr. President, I was born and reared on a farm in Telfair County in South Georgia. I live on a farm just south of Atlanta at the present time.

I have gotten more genuine, soul-satisfying pleasure out of farming, and made less money, than anything I ever undertook.

Thus, I feel that I know something about the hazards of farming.

Farming is the greatest gamble we know of on the face of the earth.

It is, of course, the most important business we have, because it produces all the food and fiber that we utilize, not only in this country, but we also ship a great deal of it to large portions of the world.

Many things can happen to a farmer to cause him to lose the result of a year's labor.

He can have too much water or too little water, and he loses the result of a year's labor.

The Weather can be too hot or it can be too cold, and he will lose the result of a year's labor.

There will be new diseases, new insects, a new pestilence, and the farmer will lose the result of a year's labor.

If nature smiles on the farmer, then everything goes well; but there can be a drastic drop of the market price at harvest time and the farmer will lose the result of a year's labor.

The farmer may find labor unavailable at harvest time and he will lose the result of a year's labor.

Thus, Congress has to be extremely careful and cautious not to write a tax bill that will penalize the farmer and the farmer alone to the exclusion of every other segment of our society.

Mr. President, I would be the last to deny that there have been favorable tax laws benefiting farmers that have been utilized by tax dodgers to take into consideration some of their idle capital.

The Senator from Montana (Mr. METCALF) served on the Finance Committee with me for several years. Several years ago, he started to fight to try to close the loopholes then existing and which were being utilized by Wall Street stock brokers, bankers, lawyers, doctors, and others.

Those loopholes were two in number.

First, if one had a large sum of capital he could buy a rundown farm and plow additional sums of capital into building up the productivity and value of the farm. After he had increased the original value of the farm several times, he could sell that farm, and the profit he had on it would be a capital gain.

That was loophole No. 1.

What was loophole No. 2?

Farm animals are subject to depreciation, just as other capital used in business is subject to depreciation. Some people found out that they could use that depreciation for an enviable tax racket. There was a group called the Black Watch Farms, or something of that nature, which advertised in the Wall Street Journal and urged professional people and business people with large sums of capital to buy cattle that they would never see, to be placed on farms that they had never visited. They would depreciate the cattle and, at the same time, charge off maintenance, feeding, and the keeping of the cattle as an ordinary business expense. Then, after they had depreciated the cattle as much as they could, they would sell it and take a capital gain.

Mr. President, the distinguished Senator from Montana (Mr. METCALF) has been trying to close these two loopholes, and I applaud him for it. He started that fight and the Senate Finance Committee finished it.

I hold in my hand the committee report. Senators have a copy of it on their desks.

On page 95, under the title "Farm Losses," the committee bill will permit farmers with more than $50,000 nonfarm income to take losses in full up to $25,000 a year, but these farmers may deduct only one-half of the amount of the farm loss in excess of $25,000. That should put the tax loss farmer, the kind I have been talking about, out of business.

Then, on page 99 of the committee report, under the heading "Depreciation Recapture," gain on the sale of livestock is to be treated as ordinary income to the extent that depreciation has been claimed prior to the sale of the livestock. I think that adequately puts the Black Watch crowd out of business.

On page 100 of the report is reference to the holding period for livestock. The 1-year holding period is extended to 2 years. There are many others.

Exchange of livestock of different sexes—that was another racket frequently engaged in. Some individuals wanted to build up herds, so they exchanged males for females. Females could have more calves; males could not. The committee provided that such an exchange is taxable.

Then, at the bottom of page 102 of the report, is reference to hobby losses. It is provided that if a taxpayer engages in farming without a reasonable expectation of profit he cannot deduct any farm losses at all from nonfarm income.

On page 105 of the committee report there is reference to gain from disposition of farmland. It provides that if anyone buy a rundown farm and spends large sums of additional money building it up and then sells that farm for a profit, the Government of the United States will recapture these expenditures as ordinary income. He is compelled to hold his farm for 10 years; otherwise he cannot take advantage of that.

The Committee on Finance wrote these and other loophole-closing provisions into the bill. I think they are adequate. I think they will do the job. I think the amendment of the Senator from Montana goes too far. I think it will penalize honorable people who are not trying to make a racket out of their farming operations.

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

Mr. TALMADGE. I yield.

Mr. HOLLAND. I thank the Senator for what he is saying. I thank the committee for what it has done. I agree with the Senator that this is a great step toward taking care of improper practices. If it is proved later this is not sufficient, we can do more.

But I want to call attention to one thing. It seems to me the amendment of the Senator from Montana is one that strikes at a very precious American right, and that is the right of an individual to engage in as many honest callings as his individual ability permits him to do. It appears as though our friends think that only bankers and lawyers go into agriculture. In my State it is the other way. The folks who have made good in farming, particularly in orange growing, particularly in sugar production, particularly in the cattle business have come in and taken over banks, they have taken over housing and subdivisions, they have taken over manufacturing enterprise. I am for it, because I think America is a land of opportunity, where people are given a chance to engage in as many useful occupations as they can.

I do not like to be personal, but I remember the father of the distinguished Senator from Georgia, who was almost a contemporary of mine, when he was a farmer, and when he later became Secretary of Agriculture of his own great State and later its Governor. I am glad he had the opportunity to go somewhere else and to do other things, I am glad my distinguished friend from Georgia has done the same thing.

In my own town there is a banker who began his career as a simple orange grower. He has gone up and has gone into other things.

I do not believe in taking a position here which limits opportunity, which

limits initiative, and does not permit a man to go wherever his ability, character, and industry will take him. I think this amendment is just such a measure that might go just that far. Therefore, I oppose it vigorously.

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

Mr. TALMADGE. Let me first make a very brief observation, and then I will yield.

Mr. GORE. I wanted to respond.

Mr. TALMADGE. Certainly. I yield to the Senator from Tennessee.

Mr. GORE. I thank my distinguished friend.

Mr. President, I think my distinguished and certainly able friend from Florida misses the point here. The issue at hand is a use by nonfarmers of a tax provision specifically found by the Congress in the past, and by the committee in this instance, to be practical and needed for the average farmer. It is not the theme or purpose of the committee, or in my opinion of the junior Senator from Montana, to limit the opportunity of a man in America to engage in the free enterprise system or to be an entrepreneur.

This tax law and the effort by our committee and the junior Senator from Montana is to limit, if not eliminate, the shall I say misuse of a provision specifically designed for the benefit of a practical farmer by one of large income who is in fact not a practical farmer.

I wanted to say that, and if the Senator from Georgia will yield one step further, there is something I have been thinking about and have been wanting to say. I hope the distinguished junior Senator from Georgia will more frequently occupy the center of this Chamber. I have listened to him this morning and upon many other occasions. I know of no man in this body who speaks with more perfect grammar, with more eloquence, and in a more driving and convincing manner than the distinguished Senator from Georgia.

Mr. TALMADGE. The Senator from Tennessee is far more generous in his tribute than I deserve, but I deeply appreciate what he has said.

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

Mr. TALMADGE. I yield.

Mr. HOLLAND. First, I agree with the Senator from Tennessee as to the character, standing, and stature of the Senator from Georgia. We all appreciate him.

Second, I want to make it clear to the Senator from Tennessee and the Senator from Montana that in my State it is frequently the other way around when it comes to tax losses. A freeze comes along that strikes down the annual income of the citrus grove, knocks down trees, so that they will not come to bearing again for 2 or 3 or more years, or a storm destroys a large part of the livestock or equipment of a larger grazier. Who would say that such loss should not be claimed when the man has another business also?

It is a one-way street that is sought to be set up here. So far as my State is concerned, there are just as many times when we have losses by freeze, flood, or storm that come upon the farming person who happens to be industrious enough to have another business so he can turn the loss over to that business. And when the farm is prosperous the taxpayer can turn to farm profit to offset losses elsewhere.

This is a two-way street, and apparently my friends do not understand that is the case.

I thank the Senator for yielding.

Mr. TALMADGE. I thank the Senator from Florida.

We come now to the amendment of the Senator from Montana. He inserts some language in his amendment that the Finance Committee inserted in the bill, but there is a far greater difference in the effect of the amendment, because the Senator's amendment will not permit any farm deductions against any nonfarm income in excess of $15,000 except what he indicates here—taxes, interest, the abandonment or theft of farm property, or losses of farm property arising from fire, storm, or other casualty, losses and expenses directly attributable to drought, and recognized losses from sales, exchanges, and involuntary conversions of farm property.

That is the sum total of all of them. The taxpayer cannot even deduct for farm labor.

What does the Internal Revenue Service say about casualties?

I hold in my hand the United States Master Tax Guide, and I read this particular portion:

> The Commissioner takes the position that a casualty loss deduction for termite damage is not permitted because the suddenness test for a casualty loss is not met unless scientific data indicates that termite damage does not occur until at least two years following the original infestation of the property. But on the other hand, some courts have allowed the deduction.

There you are, Mr. President—suddenness. What does one do if he has a herd of cows and mastitis is found in one of the cows? It does not suddenly sweep through the whole herd. It may take 5 years. That is not "sudden."

Suppose some of one's high priced registered cows are sold for hamburger, and the person loses $500 a cow. He cannot deduct a casualty loss, because it is not "sudden."

Black leg, as the Senator from Tennessee knows, does not kill cows all at once. Is that "sudden" enough to deduct for a casualty loss?

So you could have a whole herd of beef cattle or dairy cattle wiped out, and could not even deduct it, under the Senator's amendment. I think that is too far for the Senate to go.

I think that the committee has eliminated the tax racket that now goes on in farming. I think this is as far as we ought to go at the present time. Later, if we find more loopholes coming to light, I am sure that the Senator from Montana, the Senator from Tennessee, the Senator from Delaware, and others who have worked on this matter for a period of many years will come forth and try to take adequate steps to plug these loopholes.

I hope the amendment will be rejected.

The PRESIDING OFFICER. Who yields time?

Mr. METCALF. Mr. President, I yield myself 5 minutes.

I add my refutation to that which the Senator from Tennessee has made to the remarks of the Senator from Florida. Anyone can go into any business under this legislation. This is not a limitation on anyone going into business, as long as he will comply with the regular accounting system of the Internal Revenue Service. It simply provides that the very special privilege that we give to the farmer to go on a cash basis instead of an accrual basis cannot be abused by people who seek to turn their nonfarm income into a special asset.

We have said that the farmer is in a special and exclusive sort of position, and we have tried to give him appropriate special benefits; and 3 million farmers are taking advantage of those benefits. The House of Representatives has passed a bill that provides for a very complex accounting system, but they have tried to meet the abuses. The Senate Finance Committee, as pointed out by the very able Senator from Georgia, has, I think, made a much better approach.

But while they have adopted the language of my amendment and the language of S. 500, they have fixed the nonfarm income limitation so high that it affects only 3,000 people in the United States, and will bring in total estimated revenue of only $20 million. My bill would bring in revenue of $205 million, and affect 14,000 people. That is largely the difference we are talking about.

We are talking about the man who is abusing the special tax accounting methods that we want to preserve for the rank and file farmer, the competitive farmer, who has only an allotment of 68 acres on the public domain. We are trying to preserve that for him, and at the same time correct the abuses that have grown up for the wealthy, nonresident corporation or high income tax operator, who translates high income taxes into capital gains or farm losses.

I commend the committee. I think they have taken a long step. They have adopted the language, almost word for word, in the kind of refined amendment which I have submitted. But then they have taken a step backward by putting the limit at $50,000—so high that even the Secretary of the Treasury's representatives said that this is an unrealistic definition of what is a farmer and what is not a farmer.

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

Mr. METCALF. I yield the Senator from Iowa such time as he may require.

Mr. HUGHES. I commend the distinguished Senator from Montana for presenting this amendment this morning. I wish at the same time to compliment the distinguished Senator from Georgia for the very eloquent presentation he has made and to commend the Committee on Finance, for their careful attention to the important effects which their action has had and will have on the farming industry of this country.

In my lifetime, and perhaps in the lifetimes of all of us, we have seen changes

in the agricultural industry in America that are almost inconceivable. Over the last 45 years, in my own State, we have been undergoing a continuous agricultural revolution. We are still experiencing, in Iowa, a migration of approximately 5,000 people a year from the farms to the towns and city communities. The average size of the farms, in recent years, is double what it was some 25 years ago. A couple of years ago it was indicated that only one in every eight children born on a farm in the State of Iowa would—or, for that matter, could—remain on the farm throughout his lifetime; whereas, when I was a boy, if a father and mother had four children on the farm, and three of them were sons, you could reliably be assured that those three sons could and would stay in the farming business. Today, in Iowa, that is an impossibility. There just is not room for those young people in agriculture in my State.

My State is one of the greatest agricultural States in the country. Its productivity is well known all over the world. Not only in crops, but certainly in hogs and cattle, it has ranked very high.

Immediately after World War II, I spent 7 years of my life buying livestock, selling fertilizer, and dealing in farm enterprises in my own locality of northwest Iowa, and I saw such changes take place that it was almost unbelievable.

Later on, as I became Governor of that great State and observed the changes that were continuing, I found that we were losing, or were in danger of losing, some of the basic agricultural industry that we had. We lost the poultry industry, as the distinguished Senator from Georgia well knows. Most of that migrated from the upper reaches of the United States to the southern part of the United States. Now we are in the process of losing, and have great fear of losing altogether, our great cattle feeding industry, because of changes that are taking place in the United States in feeding and transportation patterns.

It is almost an impossibility in my State, any more, for a young man to begin farming, unless his father is a farmer who can furnish the equipment, the money, and the land to begin on. If a young man were to come back from the service today and want to start farming, he would simply be incapable financially of doing it without great financial resources from his own family.

As a result, I am greatly concerned about the problems of landownership. I am not against landownership by those who are not engaged in farming; certainly not. I thoroughly agree with some of the comments of the distinguished Senator from Florida about the great American right to own, to progress, to develop, and to be and do whatever we have the capacity to be and do. But I think that includes the right to be a farmer, if we have the desire to be a farmer. I think it includes the right of the family farmer in America to survive. I think there is grave question in America today whether that family farmer can survive. Land prices have increased greatly. We have seen so many abandoned farm houses and barns standing around the countryside in my State that at times I have felt impelled to start a campaign to get rid of those buildings, because they have gradually deteriorated and have not been removed. Today, one of my greatest concerns is that we may not be able to meet the agricultural and industrial needs of my State and continue family farmownership. With this great transition in the farming industry taking place, and the great problems we face, it is going to require all the dedication we have.

I think one of the things that can help us to round this corner is to take some of this tax-loss privilege away from those whose primary interest is nonagricultural, and who have been dealing through the farm programs of our Government—and I do not blame them for that; they have every legal right to do it—with the simple objective of accumulating greater capital and greater profit, and who, I am afraid, are dstroying the capability of the young people in this country to stay on the farm.

Mr. President, it is for that reason that I support the amendment of the distinguished Senator from Montana, and I hope the Members of this body will give it their most careful consideration.

I thank the distinguished Senator from Montana for yielding.

Mr. METCALF. I thank the Senator from Iowa, who is experienced with the impact of this abuse of special farm accounting procedures.

I yield to the Senator from Maine, to make a statement.

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

Mr. METCALF. Mr. President, I had promised to yield first to the Senator from Maine.

The PRESIDING OFFICER. The Senator from Maine is recognized.

VISIT TO THE SENATE BY SENATOR ALAN MacNAUGHTON OF THE CANADIAN PARLIAMENT

Mr. MUSKIE. Mr. President, I express my appreciation to the Senator from Montana for yielding to me on this matter.

Mr. President, I had the privilege of serving on the Campobello Park Commission, a unique creation of our two Governments, several years ago. Its function is to operate the Roosevelt Campobello International Park.

We took advantage of the fact this morning that the Senate was meeting to conduct a meeting of the Commission. I take a few moments to present a distinguished citizen of our neighbor to the north, the Dominion of Canada.

With me in the Chamber today is a distinguished Member of the Canadian Parliament. He has served as Speaker of the Canadian House of Commons and has served with many United States Senators in interparliamentary conferences over the years.

Mr. President, I take this opportunity to introduce to my colleagues the Honorable Alan MacNaughton, of Montreal, a member of the Canadian House of Commons.

Mr. METCALF. Mr. President, it was a privilege to yield to the Senator from Maine for that purpose. It is our privilege to have a distinguished Canadian parliamentarian here as our guest.

[Applause, Senators rising.]

TAX REFORM ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 13270), the Tax Reform Act of 1969.

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

Mr. METCALF. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Montana has 8 minutes remaining. The Senator from Georgia has 5 minutes remaining.

Mr. METCALF. Mr. President, I yield 3 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 3 minutes.

Mr. McGEE. Mr. President, I thank my friend for yielding.

I do not wish to rehash all the dialog we have had in an extended way this morning. Suffice it to say that with all of the complications that now exist and those which have grown up haphazardly over the last half century affecting agricultural legislation, most of us on the floor always come back to the defense of the small farmer, the small family farmer. And I think that here we have a chance to put our actions where our Senate oratory has been for a long time.

Whatever else we say about the present practices, I applaud the noble efforts of the committee to slow down those practices.

The fact is that the net result of the tax-break process has been to make it possible for the farmers and ranchers who were relatively well off to eventually go out through the top, if that is their choice. But by artificially inflating land values it has almost completely prohibited any young, new potential rancher from coming in at the bottom and starting to build.

New opportunities for young beginners is the best hope for the future independent farming operations in this country. If that is indeed what the Senate wants, then let us do something to help. But, if we are going to turn it over to the corporation groups and the tax loss groups, then let us say so bluntly and directly and not equivocate with the people back home. If we really believe there ought to be small family farmers and that they have an important role in our country, I think it is important to support the amendment of which I am a cosponsor.

I underscore the committee's work and applaud the committee efforts to stop encouraging the rich to get richer, and for the committee attempts to bring some equity to those at the lower end of the economic scale.

Mr. METCALF. Mr. President, I thank the Senator from Wyoming.

I yield to the Senator from North Dakota.

Mr. BURDICK. Mr. President, I have had a few inquiries about the amend-

ment. One of the fears that has been expressed is that the amendment, if it is agreed to, may force farmers in the future to adopt another form of accounting for their farming operation.

I have been at a committee meeting this morning. I have not heard all of the debate.

Would the farmer have the same choice as those who are on a cash or an accrual basis?

Mr. METCALF. Mr. President, this will not affect the farmers who are on an accrual basis. I know that the Finance Committee has been confronted with this statement. Both the members of the Finance Committee and I are seeking an answer to the abuses of the special privileges we have for farm accounting.

We have tried to assure that the legitimate farmer will be permitted to continue to report on the cash report basis instead of the accrual basis.

It is the agreement on the part of all members of the committee and those who support my amendment that this would not affect that privilege of the farmers to continue to report as they have in the past.

Mr. BURDICK. Mr. President, under the present law, they can conduct their farm accounting on a cash or accrual basis.

Mr. METCALF. Anyone can adopt the accrual method and take any loss he wants.

Mr. BURDICK. Mr. President, can we be assured then that practice will not be changed in any way?

Mr. METCALF. The Senator is correct.

Mr. BURDICK. Mr. President, I thank the Senator. I will be pleased to support the amendment.

Mr. METCALF. Mr. President, I thank the Senator.

Mr. President, I yield next to the distinguished Senator from Idaho.

Mr. CHURCH. Mr. President, I have long been associated with the distinguished Senator from Montana in his efforts to amend the tax laws.

I know, from broad contact and experience with the farm situation in Idaho, that he seeks to put an end to the abuse which is seriously undermining legitimate farmers. I think it is high time that we do so.

I compliment the Senator, and am proud to be associated with him as a cosponsor.

Mr. METCALF. I thank the Senator.

Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Montana has 3 minutes remaining. The Senator from Georgia has 5 minutes remaining.

Mr. METCALF. Mr. President, would the Senator from Georgia care to yield time?

Mr. TALMADGE. Mr. President, I yield 2 minutes to the Senator from Iowa.

Mr. MILLER. Mr. President, I regret very much that I cannot support the amendment.

I would like the Senate to know that the Senator from Montana and I have been working in an effort to do something better about the problem than the Senate Finance Committee bill would do.

Both of us feel that the Finance Committee bill does not go far enough.

My concern over the pending Metcalf amendment is that I believe it is a little too harsh.

What it amounts to is that if a person has as much as $30,000 of nonfarm income, he cannot deduct any loss at all, because the amendment contains a provision that to the extent that nonfarm income exceeds $15,000, the $15,000 loss will be cut back dollar for dollar. So, if one has $30,000 of nonfarm income, that exceeds $15,000 by $15,000 and wipes out the maximum loss deduction by $15,000. I think that is too harsh.

Mr. METCALF. I wish the Senator from Iowa would make that plain. It wipes out the special loss reduction, but does not wipe out the loss reduction enumerated by the Senator from Georgia.

Mr. MILLER. I assumed that every Senator understood that.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. TALMADGE. Mr. President, I have promised to yield my remaining time to other Senators.

Mr. METCALF. Mr. President, I have some time remaining. I yield 1 additional minute to the Senator from Iowa.

Mr. MILLER. I thank the Senator from Montana.

I point out to the Senate that if this amendment should be rejected, the Senator from Montana and I have another amendment. It provides that any amount of loss over $20,000 will be carryover to be applied against net farm income in subsequent years, and there is no reduction of the $20,000 special loss because of the amount of nonfarm income. I think it is a much more equitable provision.

While the arguments in favor of this amendment are quite responsive, and I join in them, I believe the pending amendment is too harsh.

I want the Senate to know that there will be another amendment, if Members feel, as I do, that this one is too harsh.

Mr. TALMADGE. Mr. President, I yield 2 minutes to the distinguished Senator from Arizona.

Mr. FANNIN. I thank the Senator from Georgia and commend him for his explanation of what is involved.

I would have great sympathy for the proposal of the distinguished Senator from Montana if it would accomplish the objectives he seeks, but it will not. I am concerned about the agricultural industry of the Nation, about the small farmers and the large farmers.

I think that what we must think about and seriously consider are the kinds of programs that we can sponsor and foster that will help the American farmer and the American agricultural industry compete with foreign countries. We are now exporting to other countries jobs from every one of our other industries. One industry alone, the aircraft industry, is truly competitive in the world market.

The agricultural industry is moving out of our country into other countries more and more each day. We should all have tremendous concern about that. We must encourage investment in farming in the United States as well as take action to retain jobs in our other industries as well.

I am not in favor of loopholes. I want to be practical and consider the problem properly. The distinguished Senator from Florida realizes what is happening. I know that we have disagreed in some instances in this regard, but I feel that he has made some very good contributions in settling the problem we are discussing. We do have a very serious problem, and this legislation will accentuate that problem, not solve it.

So I feel that if this amendment is adopted it will be another barrier to our agricultural industry's competing with the other agricultural industries of the world. This amendment would seriously handicap the citrus industry and any orchard industry. I feel it is essential that this amendment be rejected, or we will be placing a further burden on our total agricultural industry in this country.

Mr. TALMADGE. I yield 1 minute to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, the problem of tax-loss farming is indeed crucial to any discussion of farm-related taxation. Our goal, as in any aspect of taxation, is to provide even and equitable legislation which makes allowances for legitimate needs, but insures fair contribution to our revenue structure.

I recognize that there have been some abuses of the current tax provisions applicable to deduction of farm-related losses against net income, and these abuses cannot be excused or tolerated. The Metcalf amendment, while directed toward the goal of eliminating these abuses, does not offer an acceptable solution to this problem. Although its application might end the abuses of farm loss deductions, it surely would severely and undesirably affect many legitimate farmers and ranchers who neither I nor my colleague from Montana desire to see burdened with further tax liability.

The Metcalf amendment takes an overly broad and statistical approach to the problem and ignores the realities faced by farmers and ranchers today. When need for increased capital expenditures and the dependence on off-the-farm income is increasing for all farmers and ranchers, the Metcalf amendment would discourage the input of fresh capital—especially in the case of those just starting out in farming and ranching—and would decrease the incentives to diversify income sources from off-the-farm activities.

Mr. President, I shall not go into the statistics of this matter in detail, but I would point out that testimony before the Finance Committee brought out facts of the latest census that some days of off-the-farm work were reported by 46 percent of all farmers and ranchers, and 32 percent reported more than 100 days of such work. The significance of this off-the-farm work to the small farmer is shown in the statistic that it generated over half the income of farmers having less than $10,000 in farm sales.

I do not feel the Metcalf amendment can be justified in its approach to tax-loss farming abuses because it would hurt

those whose interests it should be insuring.

I should like to ask a question. It has been stated that perhaps the committee bill does not go far enough and that this amendment goes too far. What about the bona fide farmer who suffers crop loss in, say, Kansas, and who, through no fault of his own, has oil production, has nonfarm income, either oil production or a gravel pit or something else? What happens with this bona fide farmer with nonfarm income—not the big corporation farmer, but the real farmers, because we have many in Kansas, Oklahoma, and throughout the Midwest?

Mr. METCALF. In the case of nonfarming, under my amendment, of over $30,000, he cannot take extended depreciation losses or the so-called losses that result from accounting methods, unless he goes to the accrual system.

Mr. DOLE. I do not mean a hobby farmer, but a genuine farmer.

Mr. METCALF. He cannot take the nonfarming profit and apply it to farm losses.

I do not think the Senator from Georgia was quite fair when he suggested that you could not take farm labor, and so forth, because we are talking about the totals at the bottom of the income taxes, the losses and the gains.

If it is one of the economic losses I have suggested, and that were read by the Senator from Georgia, and are in the bill now, it could be taken out of this oil income up to $100,000 or $200,000, unless it is one of the itemized losses as a result of taxes or drought or such things that are itemized there.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. METCALF. I yield 1 more minute.

If it is one of those things that result from soil conservation or result in conversion of current income into capital gain in the future, he could not apply that oil or timber or any other nonfarm loss to his farm income.

Mr. DOLE. But the Senator from Montana stated that at least the committee approach recognizes the problem and does adopt much of the language he suggests. The difference is in the amounts which can be deducted.

Mr. METCALF. There are some minor differences. Largely, the committee—and I am grateful to them—have adopted the language of S. 500. It is not my language. It is the kind of refined language that has been brought in by the circulation of other bills. Many employees of the Finance Committee helped me draft this language.

The principal point I am making is that the committee proposal touches only 3,000 people in the United States, and I do not believe that takes care of the abuses.

Mr. DOLE. I believe the Senator from Montana earlier said 3 million.

Mr. METCALF. Three million people file farm incomes under the current system, and the estimate from the Joint Committee is that the committee bill will apply to only 3,000 people. My proposal will apply to 14,000. The committee proposal will bring in $20 million, and my proposal will bring in $200 million.

Mr. HARTKE. Mr. President, as a cosponsor of the Senator's amendment, I would like to commend my distinguished colleague for the excellent work he has done in preparing this proposed legislation. The amendment is directed to correction of an area of tax inequity which has prevailed too long in our economy and which has compounded, if not in fact created, a serious economic and social condition which the Congress cannot in conscience ignore.

Today, many taxpayers, corporate and individual, in high tax brackets obtain substantial tax benefits from the operation of certain types of farms on a part-time basis. By electing the special farm accounting rules that are available to the ordinary farmer to ease his bookkeeping chores, these high-bracket taxpayers show farm tax losses which in no sense represent true economic losses, and which these taxpayers deduct from their business and other income in order to achieve substantial tax savings. Frequently, these so-called tax losses represent the cost of creating a farm asset, as for example, the cost of raising a breeding herd. When the herd is subsequently sold, the profits from the sale will be taxed at the lower capital gains rates, including that portion of the sales proceeds which represent a recoupment of the previously deducted expenses.

The benefits that high-income taxpayers receive from this tax inequity are substantial. In 1965, for example, according to the Department of Treasury, among taxpayers with less than $50,000 of adjusted gross income, total farm profits were $5.1 billion and total farm losses were $1.7 billion—a 5-to-2 ratio of profits to losses; while, on the other hand, among taxpayers with adjusted gross income in excess of $500,000, total farm profits were $2 million compared with total farm losses of $14 million, a 7-to-1 ratio in the opposite direction—that is losses to profits.

In these times of continuing and rising inflation, wealthy persons and corporations not only find farmland an investment which affords a hedge against inflation, but also offers a tax haven for reducing substantial tax liabilities. The resultant distortion of our farm economy is apparent: the price of land is no longer determined by economic conditions that prevail in a normal farm economy; the farmer who makes his living from his farm competes in the marketplace with wealthy farmowners who may consider a farm profit in an economic sense, unnecessary and even undesirable.

The bill provides what I consider a reasoned and intelligent correction of this manifest inequity. Under it farm losses would be permitted to be offset against nonfarm income only up to $15,000 for those whose nonfarm incomes do not exceed that amount. Accordingly, persons engaged in farming while at the same time holding down a part-time job are not affected by this measure. For those with nonfarm income in excess of $15,000, the amount against which the farm losses may be offset is reduced dollar for dollar. Persons with nonfarm earnings over $30,000 cannot offset farm losses against their income.

To permit this inequity to continue can only serve the interests of a wealthy few. This inequity not only violates our concept of fundamental fairness in tax treatment so essential to public confidence in our tax structure, but also undermines our farm economy to the detriment of the small family farm and the small farmer. I am glad to add my voice in support and in cosponsorship of this measure to remove this inequity.

Mr. PEARSON. Mr. President, revision of the Internal Revenue Code so as to control the growing practice of tax-loss farming is one of the more important aspects of the overall tax reform effort in which we are now engaged.

It needs to be emphasized, of course, that we do not seek to prevent persons who make their living primarily from nonfarming sources from investing in agriculture for economic purposes. However, we do seek to discourage persons outside of agriculture from investing in farm and ranch enterprises primarily for tax purposes.

Outside investors have been able to do this by taking advantage of the special accounting practices which have been granted the working farmer and rancher who generally find it impossible to maintain the more sophisticated accrual accounting system.

We want to correct the abuse of tax-loss farming without, of course, hurting the ordinary working farmer and rancher and without denying others the freedom to invest in agricultural enterprises providing they do so for economic rather than tax reasons.

I originally supported the tax-loss bill introduced by the distinguished Senator from Montana (Mr. METCALF). This was one of the earliest corrective proposals made after the growing practice of tax-loss farming became rather generally apparent.

However, today I am voting to support the proposals of the Senate Finance Committee. They have studied this problem carefully and it seems to me that they have come up with a rather impressive list of corrective provisions which I believe will go a long way toward correcting the abuse of tax-loss farming, without generating other unintended and unforeseen inequities and difficulties.

Mr. TOWER. Mr. President, I shall vote against the adoption of amendment No. 315, the so-called farm loss amendment.

Quite frankly there has been a great deal of comment about this amendment, including arguments both pro and con which have been expressed to me by my constituents in Texas. Both sides have had valid preferences and objections because it will not affect all agriculture as a bloc in the same manner. The proponents of this amendment contend that present tax statutes encourage wealthy nonprofessionals to dabble in agriculture at the expense of the ordinary taxpayer. The implication is that "hobby farmers," as they are called, are thus able to pursue dilettante pastimes without contributing anything to society, meanwhile charging the public with their farm losses through intricate bookkeeping procedures.

This may be picturesque, but it is inaccurate.

I think particularly of the costly and time-consuming procedures for developing a herd of breeding cattle or the painstaking processes necessary for cross-breeding to develop new plant strains, which expenses are currently deductible as incurred.

I ask my colleagues to think, before they vote, what benefits to the American standard of living have emerged from such laboratories protected under present tax procedures. Then project what this has meant for the United States internationally, in terms both of revenue and prestige. If we erase these provisions we erase in proportion some incentive for agricultural research and development. I believe this means is proving a less expensive method of encouraging research and development than Government financed projects.

There is another reason why I will vote against the amendment, and I ask my colleagues to consider it before they cast their votes. The amendment, if adopted, would complicate for the farmer the keeping of financial records required for tax purposes and would necessitate the hiring of financial expertise, a burden today's hard-pressed farmer does not need.

It has been said, also, that the limitations provided in the amendment are too high, and that the amendment here is not properly aimed to meet its stated objective. In my opinion, the reasons which I have stated outweigh other considerations.

We must first consider the effect on agricultural research and the additional accounting responsibilities and burdens imposed on the Nation's hard-pressed farmers.

The PRESIDING OFFICER (Mr. McGOVERN in the chair). All time on the amendment has expired.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRIFFIN (when his name was called). Mr. President, on this vote I have a live pair with the Senator from Kentucky (Mr. COOK). If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. PASTORE (after having voted in the affirmative). Mr. President, on this vote I have already voted "yea," but I am willing to have a live pair with the Senator from Louisiana (Mr. ELLENDER). If he were present and voting, he would vote "nay." I have already voted "yea." Therefore, I withdraw my vote.

Mr. BROOKE (after having voted in the affirmative). On this vote, I have a live pair with the Senator from California (Mr. MURPHY). If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I withdraw my vote.

Mr. BYRD of West Virginia (after having voted in the negative). On this vote, I have a live pair with the senior Senator from Missouri (Mr. SYMINGTON). If he were present and voting, he would vote "yea." I have already voted in the negative. If I were permitted to vote, I would vote "nay." I withdraw my vote.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Georgia (Mr. RUSSELL), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON), and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH), and the Senator from Nevada (Mr. CANNON) are absent on official business.

I further announce that, if present and voting, the Senator from Mississippi (Mr. STENNIS) would vote "nay."

On this vote, the Senator from Indiana (Mr. BAYH) is paired with the Senator from Arkansas (Mr. FULBRIGHT).

If present and voting, the Senator from Indiana would vote "yea," and the Senator from Arkansas would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK), the Senator from California (Mr. MURPHY), the Senator from Ohio (Mr. SAXBE), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The respective pairs of the Senator from Kentucky (Mr. COOK) and that of the Senator from California (Mr. MURPHY) have been previously announced.

The result was announced—yeas 29, nays 50, as follows:

[No. 182 Leg.]

YEAS—29

Burdick	Jackson	Moss
Church	Kennedy	Muskie
Dodd	Magnuson	Nelson
Eagleton	Mansfield	Pell
Goodell	McCarthy	Proxmire
Harris	McGee	Randolph
Hart	McGovern	Ribicoff
Hartke	McIntyre	Young, N. Dak.
Hughes	Metcalf	Young, Ohio
Inouye	Mondale	

NAYS—50

Aiken	Ervin	Packwood
Allen	Fannin	Pearson
Allott	Fong	Percy
Baker	Gore	Prouty
Bellmon	Gurney	Schweiker
Bennett	Hansen	Scott
Bible	Hatfield	Smith, Maine
Boggs	Holland	Sparkman
Byrd, Va.	Hollings	Spong
Case	Hruska	Stevens
Cooper	Javits	Talmadge
Cotton	Jordan, N.C.	Thurmond
Cranston	Jordan, Idaho	Tower
Curtis	Long	Tydings
Dole	Mathias	Williams, N.J.
Dominick	Miller	Williams, Del.
Eastland	Montoya	

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—4

Pastore, for.
Griffin, for.
Brooke, for.
Byrd of West Virginia, against.

NOT VOTING—17

Anderson	Goldwater	Saxbe
Bayh	Gravel	Smith, Ill.
Cannon	McClellan	Stennis
Cook	Mundt	Symington
Ellender	Murphy	Yarborough
Fulbright	Russell	

So Mr. METCALF's amendment was rejected.

Mr. TALMADGE. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. LONG. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

ORDER FOR ADJOURNMENT TO 9:30 O'CLOCK A.M., ON MONDAY NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:30 o'clock a.m. on Monday next.

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

ORDER FOR RECOGNITION OF SENATOR MATHIAS ON MONDAY MORNING NEXT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of the prayer on Monday, the distinguished Senator from Maryland (Mr. MATHIAS) be recognized for not to exceed 30 minutes.

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

TAX REFORM ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 13270), the Tax Reform Act of 1969.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Mr. President, I ask unanimous consent that there be a time limitation of 20 minutes, with the time to be equally divided on two amendments to be offered by the Senator from Utah (Mr. BENNETT); and that there be 40 minutes, to be equally divided between the sponsor of the amendment and the Senator in charge of the bill, on two amendments to be offered by the Senator from New York (Mr. JAVITS).

Mr. MILLER. Mr. President, reserving the right to object, the Senator from Montana (Mr. METCALF) and I have a joint amendment on the very same subject on which we just voted. It was our hope that we could limit the time and discuss the amendment, since the Senate is already oriented to the subject; so that we would both hope we could offer the amendment next.

Mr. LONG. Mr. President, I ask unanimous consent that the Senator from Iowa (Mr. MILLER) be permitted to offer his amendment next, and that there be a time limitation of 20 minutes, with 10 minutes on each side on his amendment.

Mr. BENNETT. Mr. President, I will be happy to yield for that purpose, with the understanding that I will gain the floor at the end of that period.

The PRESIDING OFFICER. Is there objection to the several unanimous-

consent requests just made? The Chair hears none, and they are so ordered.

Mr. MANSFIELD. Mr. President, as I understand it, we now have five amendments pending, and on each there will be a 20-minute limitation of time to be equally divided; two Bennett amendments; two Javits amendments, and one Miller-Metcalf amendment; is that not correct?

The PRESIDING OFFICER. The Chair understands that the request was for the two amendments to be offered by the Senator from Utah (Mr. BENNETT) with 20-minute time limitation on each one.

Mr. BENNETT. Mr. President, 20 minutes for both.

Mr. MANSFIELD. That is right—and the same for the Senator from New York (Mr. JAVITS).

Mr. HOLLAND. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. HOLLAND. This does not cut off amendments subsequent to that?

Mr. MANSFIELD. Oh, no.

Mr. President, to keep the record straight, the chairman of the committee asked and received unanimous consent that there be a time limitation of 20 minutes, with the time to be equally divided, on an amendment by the Senator from Iowa (Mr. MILLER), and the Senator from Montana (Mr. METCALF); two amendments to be offered by the Senator from Utah (Mr. BENNETT), and two amendments to be offered by the Senator from New York (Mr. JAVITS).

Mr. LONG. Mr. President, it might require more time on the second Javits amendment; but on the first one, 10 minutes to a side.

Mr. KENNEDY. Mr. President, reserving the right to object, do we expect to have rollcall votes on these amendments? Could we find out? We have meetings going on. We are in the final executive session on an important measure of the administration, and we are voting on amendments now, and I think we should find out at this time.

Mr. MANSFIELD. I believe that the Bennett amendments will be accepted. So far as the Senator's meeting is concerned, that is right next door and we can give him immediate notice to get back into the Chamber so that he will not be caught short. I do not know whether the Senator from Iowa (Mr. MILLER) wants a rollcall vote on his amendment.

Mr. MILLER. Yes, I do.

The PRESIDING OFFICER. It is the understanding of the Chair that there will be 20 minutes on each of the five amendments, with 10 minutes allotted to a side.

AMENDMENT NO. 359

Mr. MILLER. Mr. President, I call up amendment No. 359 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. MILLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The text of the amendment is as follows:

On page 189, strike the portion of line 24 following the word "farming", and on page 190 strike line 1 and the portion of line 2 preceding the second comma.

On page 190, strike lines 9 through 12, inclusive, and insert in lieu thereof the following: "(A) $20,000, or (B)".

On page 190, line 24, strike "$50,000 and".

On page 190, strike line 25 and insert in lieu thereof the following: "$20,000 amount specified in subsection (a) shall be $10,000 for each".

On page 191, line 1, strike all preceding "The".

On page 191, line 9, insert after the word "inventories" the following: "valued at fair market value".

On page 192, line 17, strike "one-half of".

On page 193, strike lines 1 through 4, inclusive, and renumber the succeeding paragraphs on pages 193 and 194 accordingly.

On page 193, line 22, strike "(except for purposes of paragraph (1))".

On page 194, line 23, after the word "PARTNERSHIPS" add the following: "AND ELECTING SMALL BUSINESS CORPORATIONS".

On page 194, line 24, insert after the word "partnership" the following: "or an electing small business corporation as defined in section 1371(b)".

On page 194, line 25, strike "of such partnership".

On page 195, line 1, strike "in such partnership".

Mr. MILLER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, I have been concerned for several years now about the problem of nonfarmers writing off losses from farming operations against their nonfarm income. I first introduced a bill on this matter in the 90th Congress and I reintroduced it again this year. Earlier this year I testified before the House Ways and Means Committee on this subject during their hearings on tax reform.

Mr. President, I was very pleased when I learned at the beginning of this session, that the House Ways and Means Committee was going to consider the question of whether, and to what extent, farm losses should continue to be allowed as deductions against nonfarm income. I believe the time has come when the Congress should no longer drag its feet in amending the Internal Revenue Code to put a stop to the use of losses from farming operations as a tax avoidance scheme.

Tax-loss farming should be curbed because it poses unfair competition to the family farmer and, furthermore, results in annual tax revenue losses running into the millions of dollars. As the tax law is now written, the family farmer is forced to compete against many individuals and corporations who write off losses from farming operations against high tax bracket income from nonfarm operations. This competition is unfair.

For example, a top income bracket taxpayer can, using proper planning, convert $1 of loss into 70 cents—77 cents with the surtax—of tax savings; and then, by selling off his farm assets lock, stock, and barrel, realize long-term capital gain of $1 with maximum tax of 25 cents.

The extent of these tax loss writeoffs is reflected in a study of 1966 income tax returns by the Internal Revenue Service which shows that 75 percent of the 4,778 individuals who had farm operations and incomes over $100,000 deducted $72 million in farm losses against their other income.

A more complete breakdown of high income taxpayers, whose returns included farm schedules shows:

Millionaires: Of the 103 involved in farming operations, 15 showed a net profit and 88 showed a net loss;

From $500,000 to $1,000,000: Of the 228 in this bracket, 27 showed a net profit and 201 or 88 percent showed a loss;

From $200,000 to $500,000: Of the 1,104 farm schedules, 209 showed a net profit and 895 or 81 percent showed a loss;

From $100,000 to $200,000: Of the 3,343 farm schedules, 986 showed a net profit and 2,357 or 70.5 percent showed a loss; and

From $50,000 to $100,000: Of the 14,202 farm schedules, 5,622 showed a net profit and 8,580 or 60 percent showed a loss.

A U.S. Department of Agriculture report, released about the same time as the Internal Revenue Service study, discloses that nonfarm business income was reported most frequently by those with the largest farm losses. Although the USDA report was based on 1963 income tax returns, it shows the depth of the problem, which is even greater today. Individuals with farm losses reported nonfarm income nearly twice as often as those with farm profits, and their nonfarm business income averaged more than twice that of persons with farm profits. Out of a group classified by the USDA report as "well off," comprising almost a quarter of a million individuals, approximately 111,000 reported farm losses and more than 38,000 reported farm profits of less than $12,000. Of the 66,000 individuals who were classified as "wealthy," more than two-thirds reported farm losses, with the average losses reported being $14,110.

A properly designed tax law is needed. Tax loss farming is detrimental to the regular farmer in that it tends to push up the price of farm land. Wealthy individuals and corporations bid up the price—not because they desire a farm to make a living for themselves and their families, but because they want to take advantage of a tax scheme. Higher property taxes eventually hit the neighbors. Furthermore, the fact that farmowners with nonfarm income in high income brackets may consider a farm profit, in the economic sense, unnecessary for their purposes puts the ordinary farmer at a disadvantage when competing in the market place. Because he does not have to depend on farm operations for a livelihood, the high income bracket taxpayer can demand less for his products than the regular farmer, who needs to make a profit to be able to stay in business.

If farm losses could not be offset against other business income, these multibusiness individuals and corporations would get out of farming or they would help fight for better prices and lower costs of production.

When the House provision dealing with farm losses was finally unveiled I was greatly disappointed. As it has been previously pointed out, the House bill would affect only about 3,000 returns and would produce only $5 million in 1970, $10 million in 1971, and $20 million annually thereafter. Thus, in my opinion, the House bill will not close this loophole.

I believe that the Senate Finance Committee improved the House bil' by eliminating the excess deductions account, which was very complicated and substituting a formula similar to the pending amendment. Unfortunately, the limitations are so high in the Senate Finance Committee bill that it also fails to close this loophole. For example, it would affect only about 3,000 returns and produce $25 million annually. This is just slightly more than the revenue which would be produced by the House bill once it is fully implemented.

Mr. President, the junior Senator from Montana and I believe that a more effective provision should be adopted, and this is reflected by the pending amendment.

Now, Mr. President, we have all heard the arguments about the problem, and I do not think there is much that can be added to what has been said so ably by Senators who have already spoken on the preceding Metcalf amendment. Senator METCALF and I have been working together to try to work up a proposal that would appeal to most Senators. I might add that our amendment would leave the Finance Committee bill pretty much intact.

What our amendment would do with respect to the loss allowed is to change the loss provisions allowed under the Finance Committee bill in this way: The committee would allow a farm loss deduction of up to $25,000, and any losses over and above that would be allowed to the extent of 50 percent.

I suggest that when we open up a loss deduction to the extent of one-half of all over $25,000, we have opened up a wide hole for persons engaged in farm loss operations. For example, in the case of a loss of $1 million, half of it could be written off over $25,000.

The Senator from Montana and I believe that is too much of a loophole. So what we have pending in the amendment is this provision: A loss up to $20,000 can be written off against nonfarm income, regardless of the amount of nonfarm income. If a taxpayer, engaged in farm operations, has $1 million of nonfarm income, say income from an oil well, which is what the Senator from Kansas suggested in his question during debate on the proceeding amendment, he could still deduct $20,000 of losses. Our amendment would, however, not permit farm losses in excess of $20,000 to be written off against nonfarm income.

Now if there is a loss over and above $20,000, our amendment permits this to be carried over and applied against net farm income in subsequent years.

As in the Finance Committee bill, there is an unlimited loss carryover deduction. There is an important difference between our amendment and the committee amendment, however. While the Senate committee amendment allows an unlimited loss carryover deduction, it provides that a loss carryover deduction can be applied only to the extent of one-half of the net farm income. Our amendment provides that the farm loss carryover deduction can be applied in full against future net farm income. Thus, I believe there is an improvement.

The amendment of the Senator from Montana (Mr. METCALF), the committee bill, and this pending amendment should be compared as to impact.

The committee bill would affect only 3,000 returns and would pick up $25 million.

As was pointed out by the Senator from Montana, the preceding amendment would affect 14,000 returns, to the extent of $205 million.

The pending amendment strikes a balance between the two and would affect 9,000 returns, to the extent of $120 million. Both of us feel strongly that the committee does not go far enough, and here is why:

The statistics show that some 3,000 returns by individuals in high income brackets—that is, to the extent of $100,000 of net income or more—have net farm losses on farm schedules that they file. We do not think that covering them is enough.

I would point out that our pending amendment gets down to the $50,000 to $100,000 bracket as well. That is where the additional 6,000 returns would come from. We think this is important to keep our regular farmers competitive and at the same time allow people who do have some nonfarm income to engage in farming operations on a prudent basis.

Mr. President, I reserve the remainder of my time.

Mr. LONG. Mr. President, the pending amendment would have the same objections to it that existed with regard to the Metcalf amendment, except that this amendment would remove the limitation contained in the Metcalf amendment which would limit the offset of income above $15,000 with the gradual limitation of the offset up to $30,000 of nonfarm income. In that respect, the amendment is not as objectionable to Senators who opposed the Metcalf amendment, but in other reasons is equally objectionable. For the reasons I have given, Senators who were opposed to the Metcalf amendment would be opposed to this amendment. We oppose the amendment.

Would the Senator from Georgia (Mr. TALMADGE) care to comment on the amendment?

Mr. TALMADGE. Mr. President, I have no additional comment to make. The committee acted on it. I outlined to the Senate what the committee did. I think it went far enough. I really have not had a chance to see the Senator's amendment, and I do not know what it provides.

Mr. METCALF. Mr. President, will the Senator from Iowa yield me 1 minute?

Mr. MILLER. Mr. President, I do not believe I need unanimous consent to modify my amendment. Is that correct?

The PRESIDING OFFICER. The Senator does need unanimous consent. The yeas and nays have been ordered.

Mr. MILLER. Mr. President, I am sorry to trouble the Senate like this, but I ask unanimous consent that the pending amendment be modified by the further proviso that on page 193, line 11, the word "disease" be inserted after the second comma.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendment will be so modified.

Mr. MILLER. Mr. President, I want to briefly explain what this does. The Senator from Georgia had a very valid objection with reference to the committee bill which talks about losses arising from storm, fire, or other casualty, in that "casualty" may not cover disease, because disease may operate slowly and "casualty" has been limited to a "sudden" happening. By putting in the word "disease" I think we have covered the problem pointed out by the distinguished Senator from Georgia.

I yield 1 minute to the Senator from Montana.

Mr. METCALF. Mr. President, I concur in the amendment of the Senator from Iowa. I am cosponsor of the amendment. I do not feel it completely takes care of the situation. My amendment was a better one. However, this is a compromise that the Senator from Iowa is talking about and that the Senator from Tennessee is talking about. They think perhaps my amendment was too sharp and went too far. At the same time, their comments were that the committee bill did not go quite far enough. I think this is a valid compromise.

I feel my amendment, the committee bill, and perhaps this amendment takes care of casualties. Whatever we do in conference, I hope we are sure that the kind of casualty as a result of disease that the Senator from Georgia was talking about is taken care of by the committee bill or the report, so that it is nailed down without an interpretation that some of the things we have been talking about will not become an economic loss when we all intended to safeguard economic losses.

Mr. MILLER. Mr. President, I yield myself 1 minute.

In response to the comments of the able chairman of the Finance Committee, I must point out that our amendment provides for a loss up to $20,000. I believe he stated it merely removed the $15,000 limitation contained in the preceding amendments.

We believe this amendment would be a little more liberal and more appealing. In the committee we talked about $15,000, $20,000, and $25,000. We think $20,000 is enough, particularly with the unlimited carryover deduction.

Mr. President, I am prepared to yield back my time.

Mr. LONG. Mr. President, I yield myself 1 minute.

Mr. President, the way the Senator has modified his amendment would make it somewhat less objectionable, but most of the objections which were made by the Senator from Georgia to the previous amendment would still apply to this amendment. Therefore, we will have to oppose it.

Mr. MILLER. Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator has 1 minute remaining.

Mr. MILLER. Mr. President, I want to emphasize that the Senator from Georgia had a valid point. I have had a lot

of experience with the distinction between a casualty loss and one which is not considered, for two purposes, a casualty loss, because it did not happen suddenly enough. That is why it is important to have the word "disease" written into the Finance Committee bill. That is what we have done, by the pending amendment as modified, so that, as in the example of the Senator from Georgia, if there were a loss, from disease, in a dairy herd amounting to $50,000, our amendment will protect that and will permit, in addition to that, $20,000 of farm loss if there is one. So I think we have covered the casualty and disease problems the Senator from Georgia pointed out.

Mr. COOPER. Mr. President, will the Senator yield? May I ask the Chair how much time the Senator has left?

The PRESIDING OFFICER. The Senator from Louisiana has 8 minutes remaining.

Mr. COOPER. May I have 3 minutes?

Mr. LONG. I yield 3 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, as Senators know, my State of Kentucky, among others, is engaged in the breeding of horses—thoroughbreds for racing, saddle horses, show horses, and other registered purebred horses. I had thought the provisions that were agreed to in the committee were an improvement over the House bill, and that while they may present the horse industry with some difficulty they would not be punitive or destructive of the industry, as would the amendments offered today.

Kentucky is known throughout the country and throughout the world for the breeding and training of thoroughbred racing horses, of trotting and pacing harness racehorses, or three-gaited and five-gaited saddle horses—including, I may say, Tennessee walking horses—and other registered horses for show and pleasure.

There are now about 6 million horses in the United States. Approximately 1.2 million are registered horses—more than double the number a decade ago—over 800,000 recreational and over 400,000 commercial horses. Breeding, training, showing, and racing horses are a legitimate business. It is a business in which hundreds of millions of dollars have been invested. It provides a large volume of taxes to our country and to my State and provides wide employment.

In his testimony before the committee, Gov. Louie B. Nunn estimated that the horse industry was responsible for half the tourist business which brought $43 million in direct taxes to Kentucky, and that nationally breeding, training, and showing horses provides 150,000 full-time jobs. Of course, the business requires tremendous investment by individuals engaged in it. One never knows whether the work of 1 year will be successful. Actually, there is a cycle of at least 6 consecutive years from the time breeding stock is purchased until the offspring race and the results of that breeding are known and proved. It is a business with substantial risk, by its nature often involving investment over many years before that work is rewarded with success.

I want to call to the attention of the Senate the character and importance of this business to Kentucky and other States. In my opinion, the pending amendment would destroy that industry, as would the amendment proposed before it, which the Senate rejected. I think the committee amendments, on the other hand, will at least give the industry a chance. I hope that the Miller-Metcalf amendment will be rejected.

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

The PRESIDING OFFICER. All remaining time has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PELL (when his name was called). Mr. President, on this vote I have a pair with the Senator from Louisiana (Mr. ELLENDER). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. NELSON (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from California (Mr. CRANSTON). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from California (Mr. CRANSTON), the Senator from Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Georgia (Mr. RUSSELL), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON) and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH) and the Senator from Nevada (Mr. CANNON) are absent on official business.

On this vote, the Senator from Indiana (Mr. BAYH) is paired with the Senator from Arkansas (Mr. FULBRIGHT). If present and voting, the Senator from Indiana would vote "yea," and the Senator from Arkansas would vote "nay."

On this vote, the Senator from Missouri (Mr. SYMINGTON) is paired with the Senator from Mississippi (Mr. STENNIS). If present and voting, the Senator from Missouri would vote "yea," and the Senator from Mississippi would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK), the Senator from California (Mr. MURPHY), the Senator from Ohio (Mr. SAXBE), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Vermont (Mr. AIKEN) is detained on official business to attend the funeral of a friend.

If present and voting, the Senator from Kentucky (Mr. COOK), the Senator from Arizona (Mr. GOLDWATER), and the Senator from California (Mr. MURPHY) would each vote "nay."

The result was announced—yeas 32, nays 47, as follows:

[No. 183 Leg.]

YEAS—32

Burdick	Hughes	Mondale
Church	Inouye	Moss
Dodd	Jackson	Muskie
Eagleton	Kennedy	Pastore
Goodell	Magnuson	Proxmire
Gore	Mansfield	Ribicoff
Griffin	Mathias	Schweiker
Harris	McGee	Williams, Del.
Hart	McGovern	Young, N. Dak.
Hartke	Metcalf	Young, Ohio
Hatfield	Miller	

NAYS—47

Allen	Eastland	Packwood
Allott	Ervin	Pearson
Baker	Fannin	Percy
Bellmon	Fong	Prouty
Bennett	Gurney	Randolph
Bible	Hansen	Scott
Boggs	Holland	Smith, Maine
Brooke	Hollings	Sparkman
Byrd, Va.	Hruska	Spong
Byrd, W. Va.	Javits	Stevens
Case	Jordan, N.C.	Talmadge
Cooper	Jordan, Idaho	Thurmond
Cotton	Long	Tower
Curtis	McCarthy	Tydings
Dole	McIntyre	Williams, N.J.
Dominick	Montoya	

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Nelson, for.
Pell, for.

NOT VOTING—19

Aiken	Fulbright	Saxbe
Anderson	Goldwater	Smith, Ill.
Bayh	Gravel	Stennis
Cannon	McClellan	Symington
Cook	Mundt	Yarborough
Cranston	Murphy	
Ellender	Russell	

So the amendment, as modified, was rejected.

Mr. BENNETT. Mr. President, I send to the desk two amendments which are numbered A and B and ask that they be considered separately in that order.

I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendments will be printed in the RECORD.

The amendments ordered to be printed in the RECORD are as follows:

On page 148, after line 16, insert the following:

"(h) CERTAIN PRIOR TAXABLE YEARS.—In the case of a water users association which is organized to operate a reclamation project of the Bureau of Reclamation, Department of the Interior, and which is a membership organization described in section 277 of the Internal Revenue Code of 1954 (as added by subsection (b)(3)), no deduction attributable to furnishing services, goods, or other items of value to members shall be denied for any taxable year beginning before January 1, 1971."

On page 148, line 9, strike out the quotation mark and add:

" 'No examination of the religious activities of such an organization shall be made except to the extent necessary to determine whether such organization is a church or a convention or *association* of churches, and no examination of the books of account of such an organization shall be made other than to the extent necessary to determine the amount of tax imposed by this title.' "

Mr. BENNETT. Mr. President, in order to understand this amendment, it is necessary briefly tc review how the basic provision came to be included in the Senate version of the Tax Reform Act.

Back in 1916, Congress exempted "mutual ditch or irrigation companies" from income tax where their income was "solely" from members. Ultimately because nonmembers had occasion to utilize

the water and related facilities of these organizations, Congress later moderated the "solely" test to allow exemption where nonmember income was "incidental" to the operation of the company, that is, where not more than 15 percent of the organization's gross revenues came from nonmember sources. Eventually, because of the general need for water development and irrigation, many of these organizations came to supply services to nonmembers in excess of 15 percent of their gross income. Consequently, they lost their tax-exempt status.

When they lost this tax-exempt status, the Internal Revenue Service took the position that since the organization's basic operation of selling water rights to its members was not intended to be a profitmaking venture, the expenses incurred in supplying water to members were not ordinary and necessary business expenses and could not be deducted in excess of the amount of income received from members. It had won similar cases in situations where the corporations involved were not tax-exempt or non-profit organizations—*International Trading Co.* v. *Commissioner*, 27 F. 2d 578, and *American Properties Inc.* v. *Commissioner*, 262 F. 2d 150. In a recent case—*Anaheim Union Water Company* v. *Commissioner*, 321 F. 2d 253, C.A. 9th, 1963, which reversed 35 T.C. 1072—the circuit court disagreed with the position of the Commissioner and held that the expenditures made by the company to supply water to its members were "ordinary and necessary" because this activity did constitute the carrying on of a trade or business. The Commissioner has not acquiesced in the court's decision and has continued to take the position that the expenses are not deductible. There has been subsequent litigation and two cases are now being considered on appeal—*Bear Valley Mutual Water Company*, 283 F. Supp. 949 (1968)—on appeal, C.A. 9th; *San Antonio Water Company*, 285 F. Supp. 297 (1968), on appeal, C.A. 9th. There is also one case pending in the Tax Court and another in the District Court in Oklahoma.

The Senate bill adds a new section to the Internal Revenue Code—section 277—which would codify the position taken by the Commissioner of Internal Revenue. The provision would not become effective until January 1, 1971. My amendment would not change what is now contained in the bill.

What it would do, would be to allow water users associations organized to operate reclamation projects of the Bureau of Reclamation of the Department of the Interior to deduct all expenses incurred in supplying services and benefits to their members up to the effective date of the provision in the Senate bill. In other words, up until January 1, 1971, the expenses would be treated in accordance with the position taken by the taxpayers and approved by the courts in the Anaheim case. From January 1, 1971, on, the position expressed in the committee bill would apply.

I think this amendment is fair and feasible in that it would eliminate further litigation and uncertainty on the point until the provision contained in the reform bill becomes operative.

Mr. President, also at this time I would like to engage the chairman of the committee in a brief colloquy.

During the executive session in the Committee on Finance, I raised a question as to whether the effective date of the income averaging amendment contained in the bill would in any way upset the effective date approved by Congress when it enacted the income averaging provision in 1964.

I was concerned that an individual who had engaged in a long-term employment contract prior to the 1964 act might inadvertently be denied the long-term spread permitted under the present 1964 law with respect to a payment he receives after this tax reform bill becomes operative. I was assured in committee that the situation I described would not be affected by the tax reform legislation and that an individual who had embarked before 1964 on a long-term employment could average the income he received from that employment over the period the services were rendered. It was my understanding the committee report would be clarified on this matter.

Unfortunately, the explanation I expected to see in the committee report is not there, and so I am directing this inquiry to the chairman of the committee: Does the effective date of the income averaging provision apply in any way to restrict the application of the savings clause contained in the original income averaging provision in 1964?

Mr. LONG. No. It does not. The effective date of the tax reform act does not limit the operation of the savings clause contained in the 1964 act. An individual who began an employment under the savings clause could still report his income under that savings clause even though he receives it after the 1969 tax reform bill goes into effect.

As the Senator knows, the committee report was prepared with considerable haste. I regret that the language we had intended to include in the report is not there.

Mr. BENNETT. I recognize that this is a complete inadvertence. I appreciate the willingness of the chairman to straighten the matter out on the floor.

It is my understanding, as I am sure the chairman will confirm, that the two amendments I have offered are so limited in nature that the chairman is willing to accept them and take them to conference.

The first amendment refers to the problem of a water user's association organized to operate a reclamation project of the Bureau of Reclamation which is a membership organization described in section 277 of the Internal Revenue Code of 1954.

Under that code, in providing those services if more than 15 percent of the water users were not members of the association, it loses its tax exemption.

Mr. President, in the normal course of the operation of a number of these projects, this number has crept up above 15 percent. And that matter is being litigated.

The purpose of the amendment is to make sure that no deductions attributable to furnishing services, goods, or any other items of value to members shall be denied for any taxable years beginning before January 1, 1971.

This will be the matter in conference where it can be discussed carefully. I think it is so complicated that it should not be debated on the floor of the Senate.

Mr. LONG. Mr. President, I have discussed this matter with the members of the staff. I see no objection to it. I have also discussed it with other members of the committee. So far as I know, there is no objection to the amendment. I am willing to agree to it and to take it to conference.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The question is on agreeing to the amendment of the Senator from Utah on page 148, after line 16, to insert new language.

The amendment was agreed to.

Mr. BENNETT. Mr. President, the other amendment refers to what I think is a desirable clarification of the language in the bill which, for the first time, allows the Internal Revenue Service to audit churches.

This has not been possible under the previous law. And the language of the bill, I think, is too loose.

The Treasury agrees with me. I am offering alternate language which adds on page 148, line 9, these limiting requirements:

On page 148, line 9, strike out the quotation mark and add:

"No examination of the religious activities of such an organization shall be made except to the extent necessary to determine whether such organization is a church or a convention or association of churches, and no examination of the books of account of such an organization shall be made other than to the extent necessary to determine the amount of tax imposed by this title."

Mr. President, that is the title imposing a tax on unrelated business income.

There is a fear the language would open it up so that the IRS could go through all the church books that pertain to religious activities.

They did not intend to do this. Therefore, the IRS agrees with me that the limiting language will have uses.

It is my understanding again that the chairman agrees with me and is willing to take the amendment to conference.

Mr. LONG. I have no objection to the amendment, Mr. President.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. BENNETT. I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment of the Senator from Utah on page 148, line 9.

The amendment was agreed to.

AMENDMENT NO. 350

Mr. LONG. Mr. President, I ask unanimous consent that the Senator from Arizona (Mr. FANNIN) may offer an amendment at this time.

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

Mr. FANNIN. I thank the distinguished Senator.

Mr. President, I call up amendment No. 350.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. FANNIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 113, line 15, strike out all down through page 115, line 10, and insert in lieu thereof the following:

"(5) SPECIAL REAL ESTATE PROVISION.—With respect to any private foundation which owns stock on October 9, 1969, in an incorporated business enterprise which owns (together with any of its subsidiary corporations) more than 10 percent of the land area of any major political subdivision of a State, section 4943(c)(4)(B) shall be applied by substituting the term "10-year period" for the term "15-year period" wherever it appears in such section. For purposes of this paragraph, a 'major political subdivision' means an incorporated city or county having a population of more than 100,000 persons on October 9, 1969."

The PRESIDING OFFICER. The Senate will be in order. Attachés and clerks standing must take seats, or the Sergeant at Arms will eject them.

Mr. FANNIN. Mr. President, section 101(1)(5) of the bill entitled "Special Real Estate Holding Provision" would require a foundation to dispose of its excess business holdings in stages—10 percent of the excess holdings within 2 years, 25 percent within 5 years, 50 percent in 10 years, and the remainder by the 15th year—if those excess holdings are in an incorporated business enterprise which together with subsidiaries owns more than 10 percent of the land area of a major political subdivision—city or county with a population of more than 100,000 persons on October 9, 1969. As its title indicates, this section is indeed a special provision: it singles out one private foundation for discriminatory treatment.

The only foundaton that fits the description in section 101(1)(5) of the bill is the James Irvine Foundation, San Francisco, Calif. The foundation owns 4,590,000 shares or 54.55 percent of the stock of the Irvine Co., which in turn owns a large tract of land comprising about 20 percent of the area of Orange County, Calif. The balance of the outstanding stock of the Irvine Co. is held almost exclusively by donor related parties. Accordingly, under the terms of the bill all except about 4 percent of the foundation's Irvine Co. stock must be disposed of as excess business holdings.

The effect of section 101(1)(5) of the bill is to impose on the James Irvine Foundation a stock-divestiture requirement with a much tighter time schedule than that applicable to any other foundation. The Irvine Foundation would have to sell 459,000 shares within 2 years, another 688,500 shares within 5 years, an additional 1,147,500 shares within 10 years, and the remaining 2,295,000 shares within 15 years. All other foundations holding the same percentage of voting stock interest are given a full 15-year period to dispose of their excess business holdings; they are not required to make partial dispositions within 2, 5, and 10 years. This discrimination against the James Irvine Foundation means that its charitable beneficiaries will suffer the loss of capital value resulting from the sale under distress conditions of a major equity interest for which there is no existing market.

Any such departure from elementary principles of equity, fairness, and nondiscrimination must be supported by special facts or considerations of tax policy. No such support exists in this case. Neither the foundation nor the company has ever engaged in the self-dealing, accumulation of income, political activities, or other abuses which other foundations may have committed and which the Tax Reform Act is designed to prevent, or in any other unlawful activity.

The foundation has been subject to criticism because its current income and distributions to charity are relatively low if expressed as a percentage of the current fair market value of its assets including unrealized capital appreciation. Even here, however, the foundation's yield is as good as, or better than, the yield realized by many other foundations, particularly foundations that are required, as the James Irvine Foundation is, to retain the stock interests originally contributed by their founders. The foundation's unrealized capital appreciation, which reflects potential future income to be distributed to charity, has been caused by the recent rapid growth of land values in metropolitan Los Angeles and has not been the subject of any tax benefit for either the foundation or the company. The company has, for several years, been engaged in a major program to increase its income by developing its land in an orderly manner, and substantially all of its increasing income from these expanding operations is distributed on a current basis to its stockholders as dividends.

The foundation has also been criticized on the ground that it continues donor-related control of the Irvine Co. This criticism has no basis. Only one of the foundation's governing board of eleven directors is donor-related, a granddaughter of James Irvine, and only two of the remaining 10 directors are former business associates of Mr. Irvine. The remaining eight directors are independent, public-spirited California business and professional men.

Based on the foregoing facts, there is absolutely no reason why a tax reform bill, which is supposed to correct inequities in the tax law, should create a new inequity by discriminating against the James Irvine Foundation to the serious detriment of its charitable beneficiaries. The time period allowed by the bill's discriminatory divestiture rule in this case is wholly inadequate. As I shall point out later, it would be inadequate for an orderly disposition even if there were an established market for Irvine Co. stock. In the absence of a market, certainly, there is no reasonable possibility that sales required within 2 years and 5 years can be made without serious impairment of the value of the foundation's capital and consequent losses of great magnitude to the educational institutions, hospitals, youth groups and other organizations that are the recipients of the income from that capital. Among the major beneficiaries of the James Irvine Foundation are Stanford University, University of Southern California, Santa Ana Community Hospital, Los Angeles County Art Museum, and the Boy Scouts of America.

A conservative estimate of the extent of the loss in the value of trust capital would be approximately $100,000,000. Based upon the price paid to a shareholder by the Irvine Co. in 1968 for redemption of a small minority stock interest, the foundation's stock would be valued at $25 per share, or $114,750,000. However, the foundation has a majority stock interest and given a reasonable time to search for qualified buyers, conduct orderly negotiations, establish a market and effect a sale at fair market value, the foundation should be able to realize $225,000,000 or more for its equity. This conclusion assumes, however, that the time allowed would be long enough so that negotiations could be conducted under favorable economic conditions, rather than in the valley of the present temporary economic downturn, and that the negotiations would be free from the adverse influence imposed by unrealistic deadlines and the threat of heavy tax penalties.

It is completely unrealistic to suppose that the foundation within 2 years, or even 5 years, could complete a sale of all of its Irvine Co. stock, except at forced sale prices far below fair market value. Yet a sale of all of its stock, rather than merely partial divestiture, is what is probably required in legal and practical effect by the special real estate holding provision in section 101(1)(5).

Legally, the foundation is bound by California law to follow the mandatory directions of the trustor in the trust instrument. Mr. Irvine's trust instrument does not auhorize the foundation to relinquish its control of the Irvine Co. and retain a minority stock interest, but specifies that the foundation shall exercise a "controlling voice" in the operation of the properties and shall hold and administer the majority stock "as a unit without division or segregation thereof." Accordingly, the requirement in section 101(1)(5) of the bill that the foundation sell 10 percent of its stock in 2 years may operate legally to require sale of all its stock in 2 years.

Viewed practically, the sale of 10 percent of the foundation's holdings would mean loss of control which under the circumstances would greatly impair the salability as well as the value of the remainder of the foundation's stock. A sophisticated buyer is likely to make a large investment in a closely held, unlisted, real estate development company like the Irvine Co., which has substantial minority stockholders, unless it obtains a controlling interest. Therefore, it may well be that a fair market value for all of the foundation's shares can be obtained only by offering them for sale as a unit following negotiations over a reasonable time period free from the adverse impact of stringent time deadlines.

The experience of the Ford Foundation in disposing of its Ford Motor Co. stock illustrates the time required to dispose of major business interests. Beginning

in 1956, it undertook a massive program to divest itself of this stock as rapidly as practicable. After 13 years, it has only succeeded in reducing its holdings from 88.4 percent of the total stock outstanding to 27.4 percent.

It may also be helpful to consider the time required for disposition of major business interests to comply with judicial orders requiring divestiture under the antitrust laws. In *United States* v. *du Pont & Co.*, 366 U.S. 316 (1961), the Supreme Court allowed the defendant a period of 10 years for disposition of its General Motors stock. Similarly, in *United States* v. *United Fruit Co.*, 1958 CCH Trade Cases section 68,941, United Fruit was permitted 8 years and 4 months after the decree to dispose of its International Railways of Central America stock. In both of these cases the business interests to be sold were in publicly held corporations whose stock had an established market. Even longer periods would have been necessary to comply with the divestiture orders had the corporations involved been closely held with no existing market for their stock.

Since there is no established market for Irvine Co. stock and only two sales, other than repurchases by the company, have occurred in the past 20 years, it is clear that the restrictive transition period allowed for the James Irvine Foundation under the bill is wholly inadequate to permit an orderly disposition of its excess business holdings. In the interests of the foundation's charitable beneficiaries and of providing fair and reasonable legislation—and in the interests of carrying out this legislation's announced purpose of providing equity in the tax laws—section 101(1)(5) of the bill should be amended to delete the discriminatory requirement of piecemeal disposition in 2 and 5 years and to provide an unrestricted 10-year period for disposition of the excess business holdings of the James Irvine Foundation.

This is what my amendment does. This is all it does. I hope that it will be accepted.

Mr. LONG. Mr. President, there is some objection on behalf of the Senator from Virginia (Mr. BYRD) to the amendment in its present form.

In the spirit of compromise, if the Senator will modify his amendment to reduce it to 8 years where the 10-year figure is used, I believe it will be a fair compromise, and I would be willing to agree to it in that fashion.

Mr. FANNIN. Mr. President, I ask that such change be made in the amendment.

The PRESIDING OFFICER. The amendment will be so modified.

Mr. FANNIN. Mr. President, I move the adoption of the amendment, as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Arizona.

The amendment, as modified, was agreed to.

AMENDMENT NO. 381

Mr. JAVITS. Mr. President, I call up my amendment No. 381 and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 546, line 12, at the end of section 914 add a new section 915 to read as follows:

"SEC. 915. COOPERATIVE HOUSING CORPORATIONS

"(a) Section 216(b) is amended by adding at the end thereof a new paragraph as follows:

"'(4) For purposes of this subsection, in determining whether a corporation is a cooperative housing corporation no account shall be taken of stock owned and apartments leased by the United States, its possessions and territories, a State or any political subdivision thereof, or any agency or instrumentality of the foregoing empowered to acquire shares in a cooperative housing corporation for the purpose of providing housing facilities.'

"(b) The amendments made by subsection (a) shall apply to taxable years ending after January 1, 1966."

Mr. JAVITS. Mr. President, the purpose of this amendment is to deal with a situation relating to housing cooperatives whereby the individual tenant-stockholder may deduct from his income a proportion of interest and local taxes. In order to qualify, 80 percent of the income of the cooperative must derive from such individual tenant-stockholder. In my State, and it may be true in other States, we have a situation in which some of the income of cooperatives comes from the State housing authority, which then subleases apartments to low- and moderate-income families. In such cases, income does not derive from individuals, as called for by present law, but from a governmental entity—to wit, the State of New York.

The purpose of this amendment is to extend to individual tenant-stockholders in cooperative projects which do not meet the 80-percent test because of income from a property the same privileges which they should have were the State or governmental entity which owns apartments in that building an individual—the same deductions as are generally available in cooperative housing.

I hope very much that the equity of this proposition may be evident to the committee and that it may accept this amendment. The Assistant Secretary of the Treasury, to whom we submitted the matter, has indicated a favorable attitude, and I have a letter from Edwin S. Cohen, Assistant Secretary, dated October 1, so indicating.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield.

Mr. LONG. On page 2, line 4, of the Senator's amendment, he uses the date January 1, 1966, Is the Senator certain he wants to use that date?

Mr. JAVITS. I will accept the advice of the committee, if they think we should use another date.

Mr. LONG. I think the Senator would want to use the date December 31, 1968.

Mr. JAVITS. I modify the amendment to that effect.

The PRESIDING OFFICER. The amendment is so modified.

Mr. LONG. I have no objection to the amendment as modified.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. JAVITS. I yield back the remainder of my time.

Mr. LONG. I yield back the rest of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment, as modified, of the Senator from New York.

The amendment, as modified, was agreed to.

Mr. JAVITS. Mr. President, I send another amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The Chair inquires of the Senator from New York whether he wishes his attaché to remain on the floor.

Mr. JAVITS. I ask unanimous consent that he remain.

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

The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 536, strike out lines 15 through 19 and insert:

"(A) with respect to which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act or housing is financed or assisted by direct loan or tax abatement under similar position of state or local laws, and

"(B) with respect to which the owner, under such acts or laws or regulations issued thereunder—"

On page 537, line 8, strike out the period and insert the following:

"or, in the case of sale or disposition of a qualified housing project with respect to which a mortgage is insured or housing is financed or assisted by direct loan or tax abatement under state or local laws referred to in paragraph (1)(A), is approved by the appropriate state or local agency administering such laws pursuant to regulation which such secretary has certified are in accord with the standards applied by him in approving the sale or disposition of a qualified housing project."

On page 392, strike out lines 17 through 19 and insert the following: "to which a mortgage is insured under section 221(d)(3) or 236 of the National Housing Act or housing is financed or assisted by direct loan or tax abatement under similar provisions of State or local laws,".

Mr. JAVITS. Mr. President, the purpose of this amendment is to deal with a problem which represents itself in the following States: New York, Massachusetts, Connecticut, New Jersey, Michigan, and Illinois. In those States, the State, itself, has programs for low- and moderate-income housing. This bill would provide incentives for housing constructed under, section 221(d)(3) and 236 of the National Housing Act.

Our interest—and I have letters to support it from the housing authorities in New York and New Jersey—is to ex-

tend this kind of tax incentive to a State program which provides for the same controls as are found under the Federal programs.

The problem was one of working out the language. This amendment would extend the incentive to housing under a State program, where the State program is like the Federal programs, based upon either a guaranteed mortgage or a direct loan. This amendment also would apply to a State program of assistance through tax abatement.

In this amendment I also seek to insure that rental rates and return on investment are controlled. Therefore, the amendment provides, as a control mechanism, the requirement for certification by the Secretary of Housing and Urban Development.

This amendment, in its present form, is satisfactory to the chairman of the committee and of the ranking minority member.

I might point out that this is not an inconsiderable matter. In the State of New York 100,000 apartment units have been constructed under the State Mitchell-Lama program.

I note that the Senator from New Jersey (Mr. CASE) is in the Chamber. The State of New Jersey is similarly concerned.

I am hopeful that the ranking minority member of the committee and the chairman may see fit to follow what is the policy of the Department of Housing and Urban Development, under the 1968 Housing Act, to encourage the development of housing for low- and moderate-income persons, not only under Federal law, which is now done under this bill, but also under State law, provided that such State and local programs meet the same objectives and contain the same safeguards.

Mr. LONG. Mr. President, I do not believe I will object to the Senator's amendment in the fashion in which it is drafted. I would be willing to take the amendment to conference.

Mr. JAVITS. I thank my colleague.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. WILLIAMS of Delaware. I am not going to raise any objection to the amendment. As the chairman knows, I opposed this section when it went into the bill in the Committee on Finance. I thought it was taking an unwise step. However, if it is going to relate to Federal projects, there should be something to relate to State projects.

Mr. JAVITS. I am grateful to both Senators.

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

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

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LONG. Mr. President, I ask unanimous consent that the time on the amendment to be offered by the Senator from Florida may be limited to 20 minutes, the time to be equally divided between the Senator from Florida and the chairman of the committee.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Florida is recognized.

AMENDMENT NO. 375

Mr. HOLLAND. Mr. President, I call up my amendment No. 375, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HOLLAND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and that the amendment be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 375) ordered to be printed in the RECORD is as follows:

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

"SEC. ——. CAPITALIZATION OF COSTS OF PLANTING AND DEVELOPING CITRUS GROVES.

"(a) REQUIREMENT OF CAPITALIZATION.—Part IX of subchapter B of chapter 1 (relating to items not deductible) is amended by adding at the end thereof the following new section:

"SEC. 277. CAPITAL EXPENDITURES INCURRED IN PLANTING AND DEVELOPING CITRUS GROVES.

"'(a) GENERAL RULE.—Except as provided in subsection (b), any amount (allowable as a deduction without regard to this section), which is attributable to the purchase, planting, cultivation, maintenance, or development of any citrus grove (or part thereof), and which is incurred before the close of the fourth taxable year after the date on which the trees were planted, shall be charged to the capital accounts; however, if the planting of a citrus grove is commenced during one taxable year and completed during a subsequent taxable year, amounts (allowable as deductions without regard to this subsection) shall be charged to the capital account only to the extent to which such amounts are attributable to the part of such grove which was planted after the close of the fourth preceding taxable year.

"'(b) EXCEPTIONS.—Subsection (a) shall not apply to amounts allowable as deductions (without regard to this section), and attributable to a citrus grove (or part thereof) which was:

"'(1) replanted after having been lost or damaged (while in the hands of the taxpayer), by reason of freeze, disease, drought, pests or casualty, or

"'(2) planted or replanted prior to the enactment of this section.'

"(b) CLERICAL AMENDMENT.—The table of sections for such part IX is amended by adding at the end thereof the following new item:

"'Sec. 277. Capital expenditures incurred in planting and developing citrus groves.'"

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act."

Mr. HOLLAND. Mr. President, taxpayers growing citrus fruit, and that means not just in my State but wherever they grow it in the Nation, are treated as farmers and, under existing law may report income and expense on the cash method. Thus, it has been possible for such taxpayers to treat as expense items developmental costs incurred during the 4- or 5-year period following the planting of a citrus grove pending the reaching of the productive state for the grove property.

Such unusual tax advantage has been responsible in large part for speculative plantings of orange groves in Florida alone to the point that total citrus acreage now amounts to almost 1 million acres, having more than doubled in the past 10 years. Thereby, the actual production of oranges in Florida and in the United States this season is establishing an all-time record far beyond the capability of the industries to market this surplus supply at prices which will even return out-of-pocket production costs to the owners of these properties.

The general purpose of this amendment is to halt this abuse by requiring capitalization of all costs of planting and developing citrus groves, for such costs are truly capital in nature.

Other approaches to this problem which would continue to allow partial or limited exemption from the requirement for capitalization would permit or actually encourage the continued expansion of citrus plantings to a point that would bring about surplus supply situations year after year, and thereby adversely affect the total economy.

Mr. President, the detailed explanation of the amendment is as follows:

First. Subsection (a), in general or as modified by subsection (b), requires that all amounts attributable to the purchase, planting, cultivation, maintenance or development of any citrus grove incurred within 4 years after the date on which trees are planted, shall be charged to capital accounts. Provided, that in the case of a citrus grove for which planting is commenced within one taxable year and not completed until the subsequent taxable year the 4-year requirement shall apply to the respective part or parts of the particular grove determined by reference to the particular taxable year in which such plantings of the various part or parts of the citrus grove were actually completed.

Second. Subsection (b) exempts from capitalization requirements plantings or replantings of a citrus grove made necessary by casualty or other losses of trees brought about by conditions beyond control of the taxpayer. That would apply particularly in the case of a freeze or a hurricane loss. As well, this section as a matter of equity, exempts plantings completed before the enactment of this amendment.

Third. The amendment is therefore effective only as to expenses incurred after enactment of the proposed bill.

Mr. President, I am told by our citrus people that the citrus areas of California also join in this request. As far as I am concerned I am very much interested

in seeing that important matters that should be capitalized are capitalized. Citrus groves cannot be productive for at least 4 years, and in many cases, not until the 5th, 6th, or 7th year is reached.

I have discussed the amendment with the able chairman of the committee and with a ranking minority member. I understand they are willing to take the amendment into conference.

Mr. LONG. Mr. President, since the bill was reported to the Senate, my attention has been directed to an article which discusses the fact that investments in citrus groves in Florida have been encouraged for tax avoidance purposes. Since I started speaking, a staff member has handed the article to me. It is entitled "Tax Sheltering Your Income: Citrus Groves," and the subheading is "There's Juicy Tax Money To Be Made in Fruit; Here's the Story of One Dentist Who Learned How To Squeeze an Orange."

Mr. President, I ask unanimous consent that the article may be printed in the RECORD.

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

TAX SHELTERING YOUR INCOME: CITRUS GROVES

(By Bradley Hitchings)

(NOTE.—There's juicy tax money to be made in fruit. Here's the story of one dentist who learned how to squeeze an orange.)

Five years ago the thought of investing in citrus groves hadn't entered the mind of a certain Ohio oral surgeon. But every time that Dr. Walter Lasker (as I'll call him) filled out his tax form he was reminded that his investments weren't giving him tax shelter—and each year it got worse. But he never got beyond a little wishful thinking about oil wells, cattle ranches, and such.

Then one day, while he was in Florida escaping a Cleveland snowstorm, the dentist took an airplane ride with a real estate agent. They passed over a sea of little orange trees, row after row stretching into the distance. When he asked who the millionaire was who owned such a spread, Dr. Lasker learned that it was owned by lots of people—everyone from European noblemen to Joe Namath, the football player, to other doctors like himself.

That's how he discovered the organizations that sell you a parcel of citrus grove and, if you want, manage it and market your oranges for you.

Since the dentist was already a confirmed Florida vacationer, with vague thoughts of retiring there in another ten years, he decided to do some checking on the outlook for oranges. He found that Florida produces roughly 80 per cent of the U.S. citrus crop, and one-third of the world's production. With the U.S. population expected to hit 300-million by 1995, and with only a limited amount of Florida acreage available for citrus, the future for groves then being developed seemed bright, indeed.

Per capita consumption of orange juice would soon be 3.6 gallons a year, compared to 42 gallons for milk, 35 gallons for coffee, and 21 gallons for soft drinks and artificial fruit-flavored drinks. Only 23 per cent of the U.S. population were eating oranges and 33 per cent drinking orange juice. It was conceivable that increases in per capita consumption might overtake the industry's ability to produce orange juice within the decade.

Assured that citrus groves had a future, Dr. Lasker began to study the tax aspects of investing in them. Land improvements and the needed irrigation system of a grove get depreciation over 20 years, which can be straight-line or declining balance. The trees are depreciated over 33⅓ years, and you can use either a 150 per cent declining balance method for groves purchased while in production, or a 200 per cent declining balance on groves bought before they have reached production.

Maintenance costs from the date of planting are ordinary business deductions, even when trees aren't producing. If you want to, you can capitalize maintenance costs during the first four or five years and depreciate this amount starting with the first year of fruit production.

You get an investment credit of 7 per cent on tangible personal property and real property, except buildings starting with the first year that your groves are in commercial production, usually about the fifth year.

The costs of clearing land, including the costs of treating the earth, can be deducted up to $5,000, or 25 per cent of that year's taxable income from farming. When you have producing groves, this simplified farm write-off lets you invest in additional acreage and get a further reduction of taxes.

The real meat of the tax shelter comes when you invest on margin. You can buy citrus groves for 15 per cent down and pay the balance over ten years. You actually pay $1,500 for a $10,000 investment—but write off the entire $10,000. It takes about five years to get into production, and all this time you're taking a loss on the costs of management, which cuts your taxes. If you buy citrus groves about ten years before you plan to retire, as Dr. Lasker was thinking about doing, the trees start full production about the time your income from dentistry has tapered off, so money that you would otherwise have paid the government has been converted into a solid income-producing investment.

You depreciate your groves, but they don't really depreciate in value. Some 75-year-old groves are still producing good crops, and it's not uncommon for a grove to return 15 per cent profit in a given year. The land appreciates over the long run, and you can pass your groves on to your heirs as a going concern.

Sell your citrus groves after holding them six months, and you get long-term capital-gains tax treatment on any profit. And those trips you make to Florida to inspect your groves are tax-deductible as business expense.

By the time he unearthed all these facts, Dr. Lasker was definitely interested. Through his real estate man in Florida, he got the name of a man in the Cleveland area who had invested in orange groves. "Yes, I'm happy with it," the man told him over the phone, "but be sure you get with a company that knows the business. The biggest risk is the quality of grove management."

The dentist learned that a number of organizations are in the business of selling parcels of citrus groves and managing it for the buyers. Some are small Florida concerns, others are large investment plans sponsored by Wall Street brokerage houses. Jasmine Groves Co., for example, is one of the newer entries into the citrus management field. It makes groves available to large investors and small, through the brokerage firm of Hayden Stone, Inc., which holds a controlling interest in the citrus organization. Dr. Lasker's stockbroker gave him the names of other large citrus grove companies which have reputations for sound management and good results.

The dentist contacted American Agronomics, an over-the-counter corporation and one of the biggest management companies specializing in citrus groves. This firm now has more than 2,000 clients, a jump of 100 per cent in the last year. First, the company sent Dr. Lasker extensive materials on their operations; then he went to see them.

American Agronomics manages several massive citrus tracts in Florida. These are owned by investors who buy anywhere from 2½ acres to more than 30 acres. Most of the land is in valencia oranges, a late-maturing fruit that ships well, has few seeds, is fairly uniform in size and color, and is excellent for juice. Industrial statistics indicate that a good grove of mature valencias could have averaged better than $10,000 net income over the last ten years.

The company manages these groves on a cost basis, employing well-qualified managers and gaining an advantage in quantity purchases of materials and supplies. Their maintenance costs are less than averages for the state. A 2½-acre grove gets the same attention as 5,000 acres and, in fact, you need a map to tell you where your trees leave off and the other fellow's begin.

When the trees are producing, the fruit is counted and picked by 10-acre blocks. The number of boxes picked is multiplied by the average sales price, and you get a check in the mail for that amount, multiplied by your number of 10-acre blocks. There's a fresh fruit processing plant right on the premises, and a new concentrate plant is now on the drawing boards. Plans are also under way to set up a franchise operation for direct sale to the consumer, which will improve the profits of the marketing operations in the near future.

All the groves this company operates are well below the frost line, which greatly reduces the danger of losing a crop to an early freeze (although some say the cooler the climate the better the flavor of the fruit). The ground is high enough to assure good drainage, and a canal system draws off even the heaviest rainfall. All groves have overhead irrigation systems as well. The dentist learned that for any investment in citrus groves, all these factors must be considered.

By now he was convinced that citrus groves were the tax-sheltered investment he was looking for, and he was convinced that this particular firm had the requisite know-how, plus a respectable track record. He asked for names of other dental and medical practitioners who had invested with the company, and was provided with the names of several men in his area. He called them all, and none of them had any serious complaints. So, in 1964, Dr. Lasker became a farmer.

He bought 10 acres of newly planted valencia trees, which then were about 2 feet high. The price was $16,900, but he only paid $3,000. For the rest he took a bank note and started paying off the balance at 6 per cent interest.

The monthly payout included principal, interest, and a fee for management. The costs of maintaining the grove came to about $90 a month for the dentist's 10 acres. This year, his trees will start producing commercially, and he'll have an additional charge for marketing. Also this year, the dentist will get the 7 per cent investment tax credit, which can only be taken once orange production begins. After the fifth year, the production of his trees should increase steadily, so that a sure return on his investment is only one or two harvests away, at most.

If the dentist were to invest in additional groves today, he would find that prices have gone up. Presently, you pay about $17,500 for 10 acres. (The minimum that American Agronomics allows, 2½ acres, now goes for $5,400.) On 10 acres the down payment is presently $3,000, principal and interest charges come to $167.21 a month. Add maintenance of $83.30, and you get the total monthly payout, $250. There are discounts for larger purchases—1 per cent off for 20 acres, 3 per cent off for 40 acres, 6 per cent off for 100 acres.

Compared with other tax-sheltered investments, citrus groves are on the conservative side. Oil wells are a good deal riskier, cattle ranches are also chancy by comparison. The tax writeoff on citrus groves is not as great as for oil wells and cattle ranches but, over

the long term, profits from operations should be substantial, at less risk.

Appreciation of property is a major plus for investment in citrus groves. At present, Florida is the fastest growing state in the Union. DeSoto County, the southernmost citrus-growing area of the state, is now reaching a takeoff stage, with recreational and residential expansion as well as spreading citrus groves. Many of the currently available citrus investments are located in this area, which gives them an added advantage. It is possible that your land will take on extra value because of adjacent real estate development.

You can buy groves developed to the point of planting trees, groves already in production, or groves with trees already in the ground but not yet in production. You get the 7 per cent investment credit in each case. Dr. Lasker's trees were about 2 feet tall when he bought them five years ago. Now they're 10 feet high and approaching maximum height, and while it's impossible to predict the set of this year's crop at this point, he may have enough fruit to cover all operating expenses for the year.

Naturally, there are risks involved in growing oranges. The major risk is Florida weather. Hurricanes and frosts can wipe out entire crops overnight. The growers whose trees bear fruit at such times, however, get astronomical prices for their crops. In 1962, a freeze pushed the price of oranges up more than 200 per cent.

Several years ago there was a tremendous production of oranges, and a buyer's market sent prices tumbling downward. Since then, the state legislature has passed laws governing the sale of oranges, and it's unlikely that any Florida growers will take another beating like they did then. Also, California's residential expansion keeps overrunning groves of oranges, which strengthens the market for Florida oranges.

Some dentists, hoping to avoid paying the fees extracted by the larger citrus management companies, may try to work out more favorable arrangements with small operators, or go it alone. Frequently, the small operators face a serious problem with grove management. There are more chores to be done around an orange grove than you might expect—hoeing, fertilizing, pruning, spraying, picking, storing and marketing the fruit. It's a year-round job, and it takes the attention of someone who knows the business.

As the owner of an isolated grove, you're at the mercy of the manager, who may travel miles to work in your rows of trees. Poor farm management can produce small, off-color fruit, and when oranges become ripe, they must be picked promptly. Unless you plan to live in Florida and ride herd on the operation yourself, it's best to deal with the larger and more reputable firms. It must be said that even at this late date, Florida's reputation for fancy real estate shuffles and double deals is not entirely without foundation.

A good producing grove should double in value between its fifth and tenth years. It hits its prime between the twelfth and fifteenth years. By then, it could well be worth three, four, or even five times its original cost. So whether you intend to keep the grove and pass it on to your heirs, or sell out after a few years, you have in a citrus grove a sound investment in terms of capital gains.

While it's impossible to predict how many boxes of oranges Dr. Lasker's trees will be producing ten years from now when he retires, it is clear that the money he has put in will be more than offset by the money he gets back. With Uncle Sam as a silent partner in the deal, providing funds that otherwise would have gone to taxes, the dentist reduces his tax load now, while his income is high. Then, when he's is a much lower tax bracket, his trees will come into maximum productivity.

The dentist will take another trip to Florida next winter, and the cost of his travel will come off his income tax for the year. Also, the terms of his arrangement with the management company provide one more advantage for him. He is allowed to build one house on his groves. No matter how bad things get, he says, he can always ". . . put up a little shack down there and live on oranges."

Mr. HOLLAND. Mr. President, since my distinguished friend has mentioned it, I wish to point out that there have been advertisements in the press in various parts of the Nation inviting people to come in and invest in citrus groves because they will be able to write off so much developmental costs on their tax bills. I think that is wrong, and I do not think any Senator would want that practice to continue.

Mr. LONG. The article to which I referred was printed in a publication entitled "Dental Management" for September 1969, and it commences on page 53.

Obviously that is the kind of thing about which something should be done. I applaud the Senator from Florida for bringing this solution to the problems to our attention so that this abuse will be fully corrected. I support the amendment, and as far as I know there is no objection by any member of the committee.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. LONG. I yield back my time.

Mr. HOLLAND. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

Mr. HOLLAND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 374

Mr. PERCY. Mr. President, I call up my amendment No. 374 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Page 36, strike "5 percent" where it appears in line 16 and lines 19 and 20, and insert in lieu thereof "6 percent".

Page 108, in lines 15 and 16, strike "and 1974" and insert in lieu thereof "1974, 1975, and 1976".

Page 108, in line 18, strike "and 4½ percent", and insert in lieu thereof "4½ percent, 5 percent, and 5½ percent".

Mr. LONG. Mr. President, I ask unanimous consent that the time on the amendment be limited to 40 minutes, to be equally divided between the manager of the bill and the sponsor of the amendment.

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

Mr. PERCY. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator is recognized for 10 minutes.

Mr. PERCY. Mr. President, this amendment is directed to the basic objective of stimulating a significant increase in funds devoted to philanthropy. Charitable needs are expected to rise in the 1970's.

The bill of the Committee on Finance has recognized this great need and it has a provision requiring payout of assets, equivalent to 5 percent. My amendment simply changes this to 6 percent and phases the payout increase over several additional years. I base my amendment primarily on the findings of the Peterson Commission which has intensively studied the needs of private philanthropy and the establishment of foundations as they relate to that need and what can be expected from foundations in the future.

The Peterson Commission, based on the objectives that I have just stated, has arrived at a number of recommendations, one of which is a payout increase to between 6 percent and 8 percent. They are almost unanimous in the commission in recommending this higher payout.

Mr. LONG. Mr. President, if the Senator from Illinois will yield right there, and yield on my time, because I wish to inquire of the parliamentary situation, I personally favor the Senator's amendment. It was voted on in committee and the committee did not agree to it, but I am one of those who voted for it. I favor the concept. My understanding is that the distinguished Senator from Delaware (Mr. WILLIAMS) also favors the concept of the Percy amendment, although a majority of the committee did not agree to it.

Therefore it will be my duty, in due course, to suggest—in fact I should like to do it soon—the absence of a quorum to let those who wish to oppose the amendment to have time available from the Senator in charge of the bill, because I favor it. I believe it is a good amendment and should be agreed to. But, I think, in all fairness, that we should adequately alert those who would wish to speak in opposition to the amendment so that they might make their presentations and explain their agruments in opposition.

That being the case, Mr. President, I think it would be desirable if the Senator would not proceed further until there are more Senuators to hear both himself and those in opposition to this amendment, so that both sides can be adequately heard.

That being the case, I should like to ask unanimous consent that there be a quorum call, without the time being charged to either side—either the opponents or the proponents.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none and it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. 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. PERCY. Mr. President, I ask unanimous consent that my amendment may be withdrawn temporarily.

The PRESIDING OFFICER. Without

objection, the Senator's amendment is withdrawn temporarily.

Mr. PERCY. Mr. President, it is my understanding that the Senator from Colorado (Mr. ALLOTT) wishes to bring up his amendment at this time.

AMENDMENT NO. 318

Mr. ALLOTT. Mr. President, I call up my amendment No. 318 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. ALLOTT. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The text of the amendment is as follows:

Page 350, after the matter following line 22, insert the following new section:

"SEC. 508. MOLYBDENUM.

"(a) RATE OF PERCENTAGE DEPLETION.—Section 613(b)(2)(B) (relating to deposits subject to 23 percent rate of percentage depletion) is amended by inserting 'molybdenum,' after 'mercury.'.

"(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after October 9, 1969."

Mr. ALLOTT. Mr. President, I also ask unanimous consent that my colleague Mr. DOMINICK may join me as a cosponsor of the amendment.

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

Mr. ALLOTT. Mr. President, this is a rather simple amendment, to correct what has been a gross injustice and inequity for many years in the depletion allowance field. There is a mineral not known to most people in this country, molybdenum.

It so happens that all molybdenum production in the Western Hemisphere lies in a very small area. There is a small production of it in New Mexico, but the great supply of molybdenum comes from mines in Climax, Colo., and that area.

For some unexplainable reason, when the depletion schedules were originally set up, they were set up with the rest of the ferroalloys—that is to say titanium, vanadium, nickel, and the like, at 23 percent. Whatever the reasons, they are, I think, unjustified, because molybdenum is also a ferroalloy and one of the most important ferroalloys but was classified with miscellaneous minerals at 15 percent. I believe it is generally recognized this was only an oversight.

The sole purpose of my amendment is to place molybdenum on an equal basis with the other ferroalloys.

Molybdenum is vitally important to almost every industry in the United States. As everyone knows, it is a toughener of steel—I should say more strictly it is a toughener of iron. It provides strength to iron and is used in steel production. Particularly is it valuable in those areas where the resultant steel will be exposed to very high temperatures, such as, for example, in the fans on gas turbines, and in our space program. It is used more extensively as a strengthener and toughener of our iron ores to get good steels which will withstand the rigors to which they are subjected when used.

To give some example of the need for this, present deposits of molybdenum are rapidly reaching the stage where the ore deposits are getting rather small and low in concentration. It has been necessary, therefore, for the Climax Molybdenum Co. to go to other areas to find molybdenum. They therefore have found such a deposit in Henderson, Colo., approximately 40 miles west of Denver, but in order to mine it and take care of the conservation measures necessary to keep from defacing that beautiful country and scenery around there, they have gone to the unprecedented and unheard of trouble to sink a shaft on the east side of the Rocky Mountain Divide some 2,500 feet. They have also developed, or are in the process of developing, a railroad tunnel, 11 miles in length, under the Rocky Mountain Divide. They have also acquired an exchange of extensive lands on the west side in order to provide for a mill site for the proper disposition of the residue after the milling of the molybdenum ore.

Mr. President, I cannot overestimate how vital molybdenum is to our economy, as well as to the free world. It has seemed to me for a long time, and I think the distinguished chairman of the committee will agree with me, that there is no justifiable reason why molybdenum should be placed in a different category than other ferroalloys such as titanium, vanadium, and nickel.

This is the sole purpose of my amendment, and I hope that it will be favorably received by the Senate.

Mr. LONG. Mr. President, this measure was considered in the committee. It received a considerable number of votes, but it was not agreed to. I was one who voted for it. Therefore, I do not think the Senator from Louisiana should speak in opposition to it. There is some opposition to it, but I support it. I will leave it to the Senate to do what it wants to do.

Mr. WILLIAMS of Delaware. Mr. President, this amendment was defeated in the Finance Committee by a vote of 11 to 6, as I recall it. In my opinion, it would be a mistake to approve it. We have already acted on depletion rates, and under the action of the committee, later sustained by the Senate, the depletion rates on molybdenum and other minerals already have been raised from the level provided by the House.

Molybdenum is a metal which is mined in Colorado and New Mexico, about 80 percent of which is used in the hardening of steel. Molybdenum currently enjoys percentage depletion at a rate of 15 percent on both domestic and foreign production. The special 23-percent rate for certain domestic metals is not available to molybdenum, probably because there is no scarcity of this metal. The staff of the Joint Committee on Internal Revenue Taxation, in its July 14, 1969, depletable resources confidential committee print prepared for the House Ways and Means Committee, did not recommend inclusion of molybdenum in the same category as the 23-percent metals.

The United States is the world's largest producer and exporter of molybdenum. Most of the Nation's production comes from a single mine located at Climax, Colo. Molybdenum from this mine is exported to almost all steel-producing countries outside the Communist bloc. However, there are also commercial molybdenum deposits in New Mexico, and molybdenum is recovered as a byproduct of the production of copper. Because the amount of byproduct molybdenum is fixed by the scale of copper operations, an increase in the depletion rate for molybdenum will not increase the amount of byproduct molybdenum produced from copper mines. At present, byproduct molybdenum accounts for about 20 percent of the annual U.S. production.

The United States has approximately a 37-year supply of molybdenum in existing deposits. The Bureau of Mines indicates that there are substantial additional deposits of molybdenum of somewhat lower grade which could be worked after the existing 37-year supply is exhausted. In addition, future exploratory activity seems likely to locate additional sources of high-grade ore.

The molybdenum stockpile is in a position of susbtantial surplus, and the General Services Administration is gradually reducing its stocks. The stockpile presently contains 52,164,345 pounds of molybdenum; the current objective is 36,500,000 pounds. Approximately 12 million pounds of molybdenum are currently offered for sale without success. The stockpile objective has recently been reduced because of the opening of new Arizona molybdenum mines owned by the Duval Copper Co., which have substantially increased both current supplies of molybdenum and available reserves.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The Senate will be in order. The attachés who are standing will either leave the Chamber now or sit down.

Mr. WILLIAMS of Delaware. Mr. President, I hope the amendment is defeated.

Mr. ALLOTT. Mr. President, first, in reply, let me say I know the feelings of the distinguished Senator from Delaware, and I respect them, but no valid reason has been advanced, or any reason at all, why, if the 23-percent depletion allowance applies to the other ferroalloys, it should not apply to molybdenum.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ALLOTT. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MONTOYA. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President——

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Illinois (Mr. PERCY).

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the amendment of the Senator from Illinois be temporarily laid aside.

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

The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I call

up my amendment relative to the disposition and sale of bonds.

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina will be stated.

The assistant legislative clerk read the amendment, as follows:

On page 323, line 7, strike out "July 11, 1974," and insert in lieu thereof the following, "July 11, 1982."

Mr. HOLLINGS. Mr. President, the amendment I propose concerns a change in the treatment of bonds held by financial institutions found in section 433 of the committee bill on page 321.

The present law provides that the gain on the sale of bonds has been treated as a capital gain. The committee bill would treat such as a gain as ordinary income. My amendment would not change this rule. The committee bill, however, provides that if bonds held by a bank on July 11, 1969, which are sold or exchanged by the bank before July 11, 1974, any gain realized would be considered capital gain. If such bonds are held beyond this 5-year period, any gain thereafter would be ordinary income.

In the disposition, during the 5-year period, it was hoped, by the Finance Committee treatment, that the banks could dispose of the bonds and not suffer any real loss. However, I found in my State—and this is prompted by two or three smaller banking institutions that purchased municipal bonds; we have tried to get the best figures possible—say this would apply to 90 percent of the bonds involved. Of the $52 billion of the bonds outstanding, $40 billion of these bonds are municipal bonds. According to a Federal Deposit Insurance Corporation report of 1966 it involves about $100 million in revenue over the extended 12-year period—in other words, about $6 million a year in revenue is what we are talking about.

That does not sound very dramatic based upon the whole revenue picture, but the fact is that many of those bonds were bought by small banks for municipal improvements in small towns. They are long-term bonds. The capital gain treatment and expectation was inherent in the price of the bond. In other words, if they were going to have ordinary income, the price of the bond would be less. Otherwise, the banks that were investing would have had other opportunities to invest in short-term bonds rather than long term.

It has been the habit of the banks to try to support the small communities.

The bill changes the rules in the middle of the game.

My amendment would delete this 5-year period and substitute a 13-year period, meaning that the new rule would not apply to bonds purchased before July 11, 1969 until July 11, 1982.

There are several compelling reasons why I believe this amendment is necessary and meritorious. First, in its present form this section of the bill is retroactive. It would apply to bonds purchased long before the proposed rule becomes applicable. The decisions made in purchasing such bonds many years ago, under the old rule, would not necessarily be followed under the new rule. In my judgment, to go back and apply this new rule retroactively, reaching back to affect decisions made by financial institutions 15 or 20 years ago, is patently unfair.

Furthermore, there are approximately $52 billion of such bonds that would be affected by this retroactive transitional rule. These are bonds held by financial institutions that would mature more than 5 years in the future; $40 billion of these bonds are municipal bonds which are vital to the economy of our cities. Thus, the decision to dispose of these bonds would be governed not by sound business and banking practices, but by the practical necessity of selling them within the next 5 years. To force an early sale of this magnitude would further disrupt the already unfavorable municipal bond market.

Let me review this reform in detail.

H.R. 13270, the Tax Reform Act of 1969, as passed by the House of Representatives, includes a section 443 which amends section 582(c) of the present Internal Revenue Code to provide that the net annual gains of financial institutions resulting from the sale or exchange of instruments of indebtedness—bond—shall be treated as ordinary income. Under present law, such gains are treated as capital gains, while net annual losses are treated as ordinary losses. The treatment of losses will be continued under the proposed law. Section 443 is applicable to taxable years beginning after July 11, 1969.

On October 16, 1969, the Committee on Finance of the U.S. Senate proposed to accept section 443, as passed by the House of Representatives, with the exception that gain from bonds owned by financial institutions on July 11, 1969, would continue to receive capital gains treatment if sold within 5 years.

While the wisdom of changing the present treatment of financial institutions' gain on the disposition of bonds can be debated with reasonable arguments on both sides—summary of H.R. 13270 prepared by the staffs of the Joint Committee on Internal Revenue Taxation and the Committee on Finance, pages 70–71 "Summary"—the retroactive nature of section 443, even as modified by the Committee on Finance, has two highly undesirable characteristics; first, it will cause profound disorder in the already seriously undermined State and municipal bond market, and second, it is fundamentally unfair.

DISORDER IN THE STATE AND MUNICIPAL BOND MARKET

The effect of either the House of Representatives or Senate Finance Committee version of section 443 will force banks to dispose of large numbers of State and local municipal bonds—"municipals"—just prior to the capital gains cutoff date in order to take advantage of the lower tax rates which will then still be in effect. Commercial banks are by far the largest holders of municipals and have already curbed their municipal bond investment programs—see Committee Print of the Committee on Finance, U.S. Senate, testimony to be received Tuesday, September 23, 1969, and additional statements on tax treatment of State and local bond interest, page 111, "Testimony." The commercial banks, however, according to the American Banking Association, still retained approximately $58.5 billion of municipals as of June 30, 1969.

Without question, a congressionally forced concentrated flow of municipals onto the market will result in the siphoning off of funds that otherwise might have gone into new municipal bond issues. While the State and local governments might be able to offset this competition to a degree, they could only do so at the cost of paying substantially higher interest rates than the already inflated ones they are now incurring. As stated by the National Governors Conference in a telegram to President Nixon on September 2, 1969, however:

Very simply, Mr. President, if the ability to market State and municipal bonds is jeopardized in any way, it will be a setback that for years to come will overshadow any positive proposals. (Testimony, p. 29)

FUNDAMENTAL UNFAIRNESS

The special treatment accorded to financial institutions by section 582(c) of the Code was introduced in 1942 to encourage financial institutions to support the large new issues of Government bonds which were then being offered to help finance the war. Ever since that time, the market value of publicly traded bonds has reflected the fact that all nondealer taxpayers are entitled to capital gains treatment upon the sale or redemption of such bonds at a profit. This factor clearly would have caused bond prices to be higher than they otherwise would have been if the major purchasers of bonds had known that their capital gains were to be taxed as ordinary income. Many financial institutions bought bonds prior to July 12, 1969, at these higher prices, in reliance on then existing law. A very large number of the bonds acquired prior to this date will mature after July 11, 1974. Thus, even under the more favorable Finance Committee treatment, financial institutions would have to dispose of many bonds, prior to maturity, in order to receive capital gains treatment. Unfortunately, the very fact that section 443 of H.R. 13270 is adopted in any form will depress the already weak bond market summary, page 71. This will result in a substantial loss to financial institutions that purchased bonds prior to July 11, 1969, on the basis of the incentives provided under then existing tax law.

CONCLUSION

In order for section 443 to be imposed fairly and with the least harmful effect on the municipal bond market, it should be made inapplicable to gains arising from bonds owned by financial institutions on July 11, 1969, regardless of the time sold or redeemed. At the very least, this rule should be made applicable to municipal bonds. Only if financial institutions are permitted to hold bonds purchased prior to July 12, 1969 until maturity and receive capital gains treatment will the banks be precluded from disposing of their municipal bonds en masse as the cutoff date for capital gains treatment approaches; only in this way will banks be able to avoid the effects of a bond market depressed by the very law which effectively forces disposition of the bonds. Since the Congress provided the incentive which led many financial institutions to purchase bonds

prior to July 12, 1969, Congress should permit these financial institutions to enjoy the full benefits which were intended by the law in effect at the time the bonds were purchased, especially when changing the law retroactively will be of significant detriment to the legitimate interests of State and local governments.

Mr. President, I wanted to eliminate the July 11, 1974, date entirely. I have discussed this with members of the Finance Committee. I have discussed it with the distinguished chairman of the committee. Rather than eliminate it entirely, we agreed—and, of course, the distinguished chairman of the committee will speak for himself—that probably a better cutoff date would be July 11, 1982. So my amendment is simply to extend the Finance Committee provision from July 11, 1974, to July 11, 1982.

Mr. THURMOND. Mr. President, I would like to associate myself with the remarks of my distinguished colleague. I think this amendment has great merit, and I hope the Senate will see fit to approve it.

I ask unanimous consent, with the approval of my colleague, to have my name added as a cosponsor of the amendment.

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

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the names of the Senator from Texas (Mr. TOWER) and the Senator from Alabama (Mr. SPARKMAN) be added as cosponsors of the amendment.

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

Mr. LONG. Mr. President, this is a matter that involves a time period, which would be in conference in any event. What we are talking about is the capital gains treatment for bonds held by banks. This was terminated as of July 11, 1969, except that under the committee amendment gains on bonds held on that date, will when realized still be capital gains if that realization occurs in 5 years. The Senator's amendment extends this to 12 years.

In view of the fact that this is a matter that will be in conference in any event, it is satisfactory to the Senator from Louisiana to agree to the amendment. I believe there may be objection by other Senators, but I personally have no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

The Senator from Delaware is recognized.

Mr. WILLIAMS of Delaware. Mr. President, I appreciate the position of the chairman of the committee, but I would not want the RECORD to show that there is no opposition to this amendment. The committee, I think, dealt very fairly with this problem; and under the committee bill, the corrections that we made would not become effective until 1974. Certainly that is lenient enough. If we agree to this amendment, it would mean the so-called reform in this area which the committee approved would not become effective until 1982. We might just as well say we are not going to do it at all.

I think financial institutions have been treated very fairly. The Senator from South Carolina is correct in saying that at the time they bought these bonds, they were figuring that they would have a certain tax treatment that was provided under existing law. There is no argument about that. And, under this bill, we have changed those rules of tax treatment.

But that is also true for every individual in America who bought similar bonds. Anyone who bought those bonds, or any other type of securities or fixed assets, who bought them a year ago, 2 years, or whenever they were purchased, bought them on the basis that the capital gains on their sale would be taxed at 25 percent.

Under the Finance Committee bill, the capital gains tax rate could go as high as 35 percent; but we find that under the Gore amendment, which the Senate agreed to, the capital gains tax can go as high as 37.5 percent in the top bracket.

We have changed the rules for all Americans in this bill. When we reduce the tax rates, they all get the benefits of that. I think it would be a great mistake to further open the bill and start whittling away at what little reforms there is left in it. There is little enough left now. I must oppose the amendment.

Mr. HOLLINGS. Mr. President, I would only add, in reply to the distinguished Senator from Delaware, that most of his remarks go to the general nature of the tax treatment given by the committee to banks, banking institutions, and everyone else in the overall tax reform program. He does not attempt to answer the problem of changing this rule in the middle of the game. I would hate to see an investor who bought under one set of rules and had the rules changed on him, coming back and saying, "Well, the banks and these other institutions have gotten all these special treatments."

They say, "We gave you consideration on this, that, and everything else." Mr. President, that is like taking a fellow 20 feet offshore and throwing him a 15-foot rope, and then sitting back and bragging how you met him more than halfway.

Mr. President, these banks are caught, and they cannot dispose of these securities, particularly since most of them are municipals and you have the crush in the municipal bond market now. They cannot be transferred in and out. They are going to have to be sold under the pressure added by a change of rules in the middle of the game, rather than in the ordinary course of business. Many small banks are going to suffer, and that should not occur through a tax reform measure.

Mr. WILLIAMS of Delaware. I appreciate the Senator's position but, as I stated, a great deal of this tax reform involves changing the rules in the middle of the game.

I was interested in the Senator's comparison of the banks' situation with that of a drowning man 20 feet offshore, trying to save himself with a 15-foot rope. I most respectfully suggest that if he cannot swim, he had better not get 20 feet offshore in deep water. Our banking institutions are supposed to be soundly managed, and I hope they are closer to the financial shore than that.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 374

Mr. PERCY. Mr. President, I call up my amendment No. 374.

The PRESIDING OFFICER. The amendment is already before the Senate.

Who yields time?

Mr. LONG. Mr. President, I ask unanimous consent that the time in opposition to the amendment be assigned to the distinguished Senator from Nebraska (Mr. CURTIS).

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

Mr. PERCY. Mr. President, this amendment is directed to the basic objective of stimulating a significant increase in the funds actively devoted to philanthropy, charitable needs will continue to rise rapidly in the 1970's, and this amendment strongly reaffirms the further encouragement of private philanthropy.

The committee bill provides for equivalent to 5 percent of assets payout per annum. The Peterson Commission, after giving many months of study to the activities of foundations and the methods of private philanthropy in the country, has determined that it would be desirable to require a higher payout. The Commission feels that this would make the foundations themselves more vigorous, it would make their investment accounts more active and it would more directly benefit philanthropy.

I should like to summarize some of the arguments that the Peterson Commission used.

It recommends the requirement of a higher payout, because it feels that foundations should be required to make substantial annual distributions to charity to help meet rapidly accelerating charitable needs. Data on the performance of university endowments, mutual funds, and other professionally managed investments suggests that a payout in the 6-percent range is fair and reasonable under present conditions. Any payout percentages should, of course, be reviewed periodically to take account of changes in economic conditions. But in the light of changing economic conditions, if we look back over a period of some 20 years, 6 percent would be a perfectly reasonable amount, considering that many mutual funds have averaged an appreciation of some 10 percent over a period of many years.

Perhaps more important than the particular percentage are the assumptions on which it should be based. I believe that the payout requirement for foundations should be high enough to require them to invest their funds productively. The percentage should not be so high as to amount to a delayed death sentence. A foundation with a well-managed investment portfolio should be able to maintain its size and to stay abreast of changes in the value of the dollar. However, the current needs of our society for philanthropic funds are so great that I consider it inappropriate to permit foun-

dations to grow in size, without making an adequate current contribution to philanthropy. A payout percentage which will permit a well-managed foundation portfolio to maintain its size, while making a productive contribution to charity, represents an equitable balance between the pressure of society's current needs and the interests of future generations.

While accurate forecasts are impossible to make, a payout requirement in the 6-percent range might increase foundation grants significantly, perhaps several hundred million per year. That, however, is not the only reason why the recommendation of a higher payout is being made, and why I support it.

Another important reason is the peculiar nature of foundations as grantmaking institutions. Foundations are unique in our society in having assets which are not fully committed to ongoing activities. This is one of their great strengths, and makes them capable of doing things which other institutions cannot do. However, it also means that foundations are not under the same budgetary pressures as other organizations. From the limited data available I feel that foundation investment performance has in the past been quite unimpressive and that very substantial improvements are possible.

Another reason why I favor a high payout requirement is that the donor to a foundation receives a tax deduction at the time of his donation. Considering the pressing needs for charitable funds, I believe that funds for which a charitable deduction has been received, should be devoted to charity on a prompt and productive basis.

RELEVANCE TO PERPETUITY PROBLEM

I also believe that a high payout requirement provides a partial, and I think, sufficient answer to the concerns which have been expressed about perpetual existence of foundations. A high payout requirement means that the foundations can have perpetual life only as long as they continue to make substantial contributions to charity. If a foundation's endowment is not sufficiently productive to meet the payout requirement, the foundation will gradually be phased out of existence. Thus, perpetual life becomes a justified reward for continuing productivity, and not an automatic privilege which is grantad without being earned.

RELEVANCE TO CORPORATE CONTROL PROBLEM

A high payout requirement will also serve to answer at least some of the concerns which have been expressed with respect to foundation ownership of sizable blocks of stock in business corporations. My concern is that such blocks may be given to foundations for reasons, such as protecting the donor's control of the corporation, which have nothing to do with their desirability from an investment standpoint. I believe that the concerns about foundation holdings of large blocks would be substantially reduced when such holdings make a productive contribution to charity. A high payout requirement coupled with prohibitions on self-dealing, greater disclosure, and improved Government supervision, provides a better solution than an arbitrary limit on percentage of ownership.

Mr. President, we now require an annual report and audit of foundations.

The bill's provision indicates that for all assets that are readily ascertainable in value there should be a moving monthly average evaluation of assets.

An audit makes it possible to know virtually at all times the value of the assets. The trustees of the foundations would have no doubt in their minds what the specific percentage payout requirement would be.

When we consider that today the average foundation pays out about 7.5 percent of its asset value each and every year, equivalent to about $1.5 billion, a 6-percent requirement would not be an overall hardship on foundations.

Admittedly, some foundations simply have been sitting on their assets and doing nothing about paying them out. I think that foundations will have to have some adjustments. They will have to put their assets into more liquid securities yielding higher income if their present assets are nonproductive. There will be some adjustments.

The committee has very wisely required a scale-up over a period of years of the payout provision, and my amendment extends the period even beyond that, for 2 years.

The Commission, which has made the most intensive study of foundations and philanthropy ever carried out in our country, virtually unanimously feels that a payout of 6 percent is reasonable and prudent and would help to strengthen and give greater virility and activity to our foundations and would tremendously benefit private philanthropy as the payout increases from our foundations.

The PRESIDING OFFICER. Who yields time?

Mr. CURTIS. Mr. President, at the appropriate time I shall ask for a yea-and-nay vote on the amendment.

The Peterson Commission recommended this in lieu of much of the legislation. To add it on would not be wise. I do not think that any Senator could read off a list of the stocks that a foundation could invest in and conform to these requirements.

This is not an amendment to distribute income. This is an amendment to hasten the end of the life of the foundation.

I realize that the Peterson Commission worked a long time. I do not think they worked longer than either the Ways and Means Committee or the Finance Committee, or both of them. They came up with a figure of 5 percent.

Mr. President, I believe that the adoption of the amendment—well intentioned though it is—would be a disastrous blow to the good foundations.

I could list some foundations in which it would create disaster. I know of a foundation in the Southland that was created by a colored gentleman, the son of a slave. He is the owner of the largest life insurance company serving his people. There is a special provision contained in here to save it from the divestiture. There is not a way in the world that they could pay out half of 6 percent.

If they have to start to sell the assets in order to do that, that would be an encouragement to every raider in the country. It would be an encouragement to everyone who wants to merge and gobble up little companies.

Nothing is to be served by this amendment. It was presented at a time when, under the circumstances, it would be the principal governing factor. It is now offered in addition to all the provisions that are in the pending bill; and adding them together would be most unjust.

Mr. President, I feel so deeply about this matter that I am constrained to ask unanimous consent that we have a quorum call before the argument is completed and that the time not be charged to either the proponents or the opponents of the amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. CURTIS. Mr. President, on the amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CURTIS. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, will the Senator from Illinois yield me 2 minutes?

Mr. PERCY. I yield 3 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, the Senator undoubtedly has referred to the fact that at the request of people like the Rockefellers, who have well-regarded foundations, the Peterson Commission was organized to study the foundation problem. These were business-oriented people, in the main, who were sympathetic toward foundations.

The Peterson Commission recommended a high payout requirement so that the charities could have the funds they need to carry on their programs. Interest rates being what they are, foundations could very well make payments in accordance with the requirements suggested by the Senator from Illinois if they rearranged their investments, the general thought being that if people want to establish foundations for charity or education, they ought to be allowed to do so, but if they do so the foundations should pay out substantial amounts currently, as was suggested by the Senator from Illinois.

As I understand the Senator's amendment—if I am not correct, I hope he will correct me—if interest rates should fall and the prevalent rate of dividends on stocks should decline, the amount that would be required to be paid out would be reduced or adjusted downward by the Secretary of the Treasury.

Mr. PERCY. That is right. The provisions are exactly as those in the Finance Committee bill, with the exception that it is a 6-percent rate instead of 5 percent. But we have given them plenty of time to adjust to it.

Mr. LONG. And the right of the Secretary of the Treasury to revise the payout percentage to reflect changed market rates of return is provided in the committee bill.

Mr. PERCY. It is in the committee bill as it exists.

Mr. LONG. So that they could easily earn this much, enough to make this kind of payout, even on triple A bonds or bonds of the U.S. Government, right now.

Mr. PERCY. Absolutely.

Mr. LONG. So that what the Senator is seeking is the approach recommended by the Peterson Commission, which studied this matter and which, in general, is very sympathetic to the foundations—that there should be a high payout requirement because the purpose of these foundations is to provide funds for charity.

Mr. PERCY. I felt very strongly, when I opposed the 40-year limitation on the life of foundations, that I had a moral obligation to take into account that by removing the 40-year limitation we were not removing some of the legitimate concerns that Members of the Senate had. This payout provision is the most effective device for removing the abuses and for assuring that we are not going to just set up foundations for the purpose of putting away stock of closely held corporations, and that the purpose is for charity and philanthropy, not for self-interest and for preserving management control which foundations could do if they had no required payout.

The committee recognized this. Most of the foundations and the Peterson Commission have looked at the 5-percent limitation. They think the principle is so sound that it ought to go from 6 percent to 8 percent. I feel that a 20-percent increase from 5 percent is reasonable.

Mr. LONG. Mr. Peterson told our committee that balanced funds today are yielding 9 percent. If a balanced fund investment would yield 9 percent, it is reasonable to ask the foundations to pay out 6 percent. They still could retain some to expand the corpus of the foundation even after making the kind of pay out the Senator has suggested.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PERCY. I yield the Senator 2 additional minutes.

Mr. LONG. It seems to me it would be a worthy reform to require foundations to pay out a higher percentage—and this would be phased in along the lines provided in the committee bill.

I applaud the Senator from Illinois for offering this amendment.

Mr. PERCY. I thank the Senator.

Mr. CURTIS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Nebraska has 16 minutes remaining.

Mr. CURTIS. I yield myself 10 minutes.

Mr. President, I daresay that most of those Senators—I respect their views; they are honest in their views—who voted for the 40-year life of foundations will vote for the Percy amendment, because it is an amendment to cut off the dog's tail an inch at a time.

No foundations of which I know are asking for this. I think I have been in touch with as many foundations as has any other Member of the Senate. A number of foundations have said to me, "We cannot reach a 6-percent payment."

These are some of the things to which it can lead. First, it can lead to a dilution of the corpus of the foundation, its basic assets. They will have to distribute those. Or it can lead to an unwise investment policy. It can lead to further divestiture of assets.

I mentioned earlier that one of the finest foundations in this land is in Georgia. Its donor is the son of a slave. He is the owner of the largest life insurance company in the land for colored people. He has already given this foundation part of their stock. They have helped school after school in the South with their proceeds. He has written a will—because he has no heirs—providing that the rest of this company shall go to this foundation. It will be possible for that foundation to go on through the years and do good.

I do not think any Member of the Senate contends that life insurance stocks pay a 6-percent dividend. They just do not do it. If any Senators serve on a college board, they should inquire what the dividend return is on an endowment. It will not average 6 percent. As a matter of fact, many foundations earnestly beg that the 5-percent mandatory feature be reduced to 4 percent. As the bill stands, they are required to pay out of their income, but not less than 5 percent.

Mr. PERCY. Mr. President, will the Senator yield for a question?

Mr. CURTIS. I yield.

Mr. PERCY. A statement of fact has been made which I think would be refuted by the facts. In fact, I would go so far as to say that if there are major universities in this country that through the past 20 years have not averaged better than a 6-percent return on investment, including appreciation—and that is what we have to take into account—they ought to fire their investment committees, because I do not know of a single major university that has not been able to earn better than 6 percent. In fact, today anyone could invest in Government bonds and earn more than that. One can buy triple A bonds of corporations at 8 or 9 percent today, if you take into account not just income but also appreciation.

I yield myself 2 minutes of my time, Mr. President. I do not wish to take the time of the Senator from Nebraska.

If a foundation choses to put its assets into low-earning investments—and if it is in low-earning investments, I presume that is being done for the purpose of appreciation. Then as it gets its appreciation it would have to occasionally sell some assets in order to give to philanthropy. I am very suspicious of the motive of a foundation that might not be willing to do that. Are they not willing to do it because they have really set up this foundation for the purpose of having a bundle of stock of a company in a safe, comfortable place so that the proxy can always be voted for management? Is it that they do not want to divest themselves of the stock because it is not a philanthropic organization but because it is set up to help control a closed corporation? I am suspicious of the motives of anyone who may feel that a 6-percent payout would be too much.

Mr. CURTIS. Mr. President, the distinguished Senator from Illinois has admitted that he is talking about capital gains, and I never said that. What I said is that you could not invest it in stock the dividends of which would enable you to pay out and meet the requirements of this proposal.

There is another factor: How do foundations come into being? They usually come into being because the donor gives that which he has. What does he have? His own business. So he starts a foundation by giving all or part of his business to the foundation. If he is going to meet this 6-percent requirement, the foundation has to sell that; perhaps invest it in Government bonds, or whatever it is, or some high paying security. Again, you are forcing the sale of a company, much to the delight of the raiders, much to the delight of those who seek to merge and expand, and so forth.

Now, I wish the distinguished Senator from Illinois who, I know, is a friend of foundations, would do this. We have written into this bill provision for the Internal Revenue Service to audit for the first time. I use the figure that there are 30,000 foundations; perhaps there are more. Do Senators realize most of them have never been audited once? That audit will bring in some information. This bill also provides for very detailed annual reporting; a notice has to be published calling attention to the report; and anyone can have the report by asking for it within 6 months after it is published.

The bill itself provides they must pay out everything, but not less than 5 percent. Why the hurry? Why not let them operate for a year or two and find out what the Internal Revenue Service audits shows and find out what the annual reporting shows? Then, if what many of us feel is punitive, that in reality it will compel the foundations to sell part of their assets, let us do it then.

I said the other day that there was a good old American custom that the trial should precede the hanging. I think it should always be that way. Let us have the audits and let us have the annual reporting for a couple of years, and if we find that the requirement that they pay out all of their income annually, and not less than 5 percent, is a loophole—sustained not by the guesswork of any committee or any well-intentioned group, but by a systematic audit and an annual report led by every foundation in the land—we will be better informed.

I do not like to see an additional side burden placed upon the divestiture requirements of the bill. This measure required when it came from the House that if a foundation owned more than 20 percent of the assets of a company, they had to sell them and do so within 2 years. That provision does not bring in one dime in revenue. It was placed in there to punish foundations because people do not like them. I think most people appreciate foundations. I think that without foundations we would not have our prolific education system in this country. I know Senators may tire of hearing me say this but in my State they pay 30 percent of the cost of education

and not one could stay open without foundations.

After all, when the law states they must pay out all of their income currently, or not less than 5 percent, and we know we will have more information a year from now from the Internal Revenue Service and from the annual reports, and more than that in 2 years, why take this punitive action of arbitrarily saying that it has to be 6 percent.

I think that the Peterson Commission did a great deal of good, but this one item is out of context. It was never intended to be added to what is in the bill.

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

Mr. RIBICOFF. Mr. President, will the Senator from Illinois yield for a question?

Mr. PERCY. I yield.

Mr. RIBICOFF. Is it my understanding that the 6 percent in the Senator's amendment comes from the recommendation in the Peterson report?

Mr. PERCY. The Senator is correct.

Mr. RIBICOFF. What was the basis of the 6-percent recommendation in the Peterson report?

Mr. PERCY. The basis of the 6-percent recommendation in the Peterson report was that the Commission felt we must stamp out abuse. It was very strongly opposed to the so-called 40-year death sentence of foundations, but felt a device which required a foundation to fulfill its purpose, to pay out to philanthropies is the best way to stamp out abuse. This provision would automatically deal with a lot of the subterfuge that some of these foundations have been engaged in. Some of the larger foundations are most ardent in wanting these abuses stamped out.

Mr. RIBICOFF. The Peterson report shows that all of the abuses could be eliminated if foundations performed their function of actually contributing to society and charity. Is that correct?

Mr. PERCY. The Senator is correct. I am thinking of the great universities in Nebraska that depend on foundations for 30 percent of their funds. All my amendment would do would be to require that foundations pay out several hundred millions of dollars more each year so that the great universities of the country in great need today could get the benefit. I am not so much worried about the one foundation in the South and the discomfiture that might be felt if it does not want to sell assets or does not have much to pay out. I am thinking of the recipients of the foundations' grants and not the discomfiture of the foundations themselves. I am talking about foundations whose actions are not for the purpose of philanthropy, but for other self-interest purposes.

The Senator from Nebraska asked why do we have to do this. I think we have to do it because we have taken out the death sentence of the 40-year lifetime limitation. You now can continue them in perpetuity, but we must make certain they are set up and operated for the purpose for which they were originally established and given a tax exemption.

Mr. RIBICOFF. Mr. President, I find myself in an interesting position here because I have been filled with admiration for the splendid fight the Senator from Nebraska has been making for foundations, both in committee and on the floor of the Senate. No one has been a better friend for foundations. Our votes have been in tandem on almost every issue. But as I understand the purpose of the amendment, this is one amendment which will really bring meaning to the foundations and require them to do what they are set up to achieve and accomplish. I think one of the great problems of the foundations is that in many instances they are poorly managed. Foundations go along with a certain type investment that no prudent trust officer, no prudent banker, and no prudent investment would allow to remain in his portfolio. As a result many foundations are stuck with assets which are dwindling in value—many foundations today are stuck with investments that bring a return of 1 or 2 percent.

By agreeing to the amendment we would now require foundations to be really alive in their investment portfolio to make sure they perform their function of contributing to our universities, hospitals, and charities.

One of the most constructive steps we can do is to agree to the amendment of the Senator from Illinois. In doing that I would make the prediction we will never have problems with foundations because we would be eliminating one of the basic abuses.

Mr. PERCY. I thank the distinguished Senator from Connecticut.

I yield 2 minutes to the Senator from Minnesota.

Mr. MONDALE. Mr. President, I rise to commend the Senator for this proposal. This is based on the recommendations of the Peterson committee.

The PRESIDING OFFICER. The Senator from Illinois has 1 minute remaining.

Mr. PERCY. I would be glad to yield the 1 minute to the Senator from Minnesota.

Mr. MONDALE. I have said my piece.

Mr. CURTIS. Mr. President, I ask unanimous consent that both sides may have 3 additional minutes.

Mr. PASTORE. Oh, Mr. President, I do not think this is necessary. This thing has been talked out.

Mr. CURTIS. Three minutes. After all, the distinguished Senator from Rhode Island, whom I love, is very ardent in his plea that we must have tax reform this year.

Mr. PASTORE. On the basis of affection I withdraw it. [Laughter.]

The PRESIDING OFFICER. The time is extended for 3 additional minutes.

Mr. CURTIS. That warms my heart. I know it is true. It is mutual.

Mr. President, I shall withdraw my opposition to this amendment if anyone can cite one foundation guilty of abuses that has paid out 5 percent. It is true some have paid out nothing, or 1 or 2 percent. The bill provides that they must pay it out at a minimum of 5 percent.

Just wait until the reports come in and then we may find out that the difference between 5 percent and 6 percent creates abuses.

This is a bleeding operation to destroy foundations, and I will tell the Senate why:

Foundations come into being by an individual's giving of his own company or part of it to create a foundation. If they cannot comply, they will be out of compliance right away and they will have to sell the assets.

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

Mr. PERCY. Mr. President, I should just like to make a few remarks and comment on what has just been said by the distinguished Senator from Nebraska. He mentioned one particular foundation and said that it could not possibly pay out even one-half of the 6-percent requirement.

When the Senaate passes this bill, which I assume it will, they must pay out 5 percent under the current provision. So, if they cannot pay out one-half of 6 percent they cannot pay out 3 percent, so they will have to do something, anyway under the bill which I assume the distinguished Senator from Nebraska has concurred with; so that there will have to be some adjustment. I do not believe that we should tailor a requirement, in the judgment of those who have most carefully studied foundations and ways of improving their operations, just because a few have to make adjustments, because they have to make adjustment anyway. The Senator indicates he does not know of any foundation which has asked for this. I concur with that completely. No one ever comes in and asks for any requirement to be imposed upon them that they might have to fulfill.

The question is, do they really object?

I have carefully checked with the heads and representatives of the major foundations in this country, Rockefeller, Ford, Carnegie, and with the Council on Foundations which speaks for all foundations who are members, and they do not have any objection at all.

They violently objected to the 40-year limitation.

They are trying to stamp out and eliminate abuses. They are trying to see that foundations serve the purpose for which they were intended.

For that reason, they have no objection to this particular amendment. They realize that it will require changes in investment policy. It will sharpen up some of the investment practices and habits, and it will stamp out some of the abuses which include foundations being used as holding places for assets of closed corporations that the company management controls.

So, I urge the Senate to adopt this amendment which I feel will strengthen private philanthropy and encourage giving, and will do it at a time when there is great charitable need in this country, and when we are exerting tremendous budget pressure upon the Federal Government. This will enable the foundations and require the foundations to step up and take on a slightly larger share of the load than they are now assuming, until such time as the Federal Government can again fund more fully

some of the urgently needed programs in education, health, and welfare.

Mr. HATFIELD. Mr. President, I wish to add my comments about this amendment to those of the distinguished Senator from Nebraska (Mr. CURTIS). Senators are aware, I entered public service after serving as an educator. I currently serve as a trustee of two Oregon colleges.

My prime association has been with Willamette University, in Salem, Oreg. It was there that I taught and served as dean of men. Currently, I am a trustee there.

Many contributors have assisted in Willamette's capital development, but I think two warrant special attention. The Collins Foundation and the Atkinson Foundation both have given much of the capital needed at this fine university. The Collins Foundation has distributed over $1,800,000 to Willamette in 20 years.

My opposition to the Percy amendment, which would raise the payout requirement from 5 percent—the figure set by the Finance Committee—to 6 percent is focused by the plight of the Atkinson Foundation, which would be hurt greatly by this amendment. The parent company, Guy F. Atkinson Co., is one of the larger construction companies in the country.

Mr. President, the words of Mr. Donald K. Grant, treasurer of the foundation and a respected lawyer, express the plight of the foundation better than I can. Let me quote Mr. Grant:

> In our case, our Foundation has since 1934 given away more than $3,200,000 (through December 30, 1968)—*all* of its income plus some additional sums from cash gifts received. In that same period, however, our stock in Guy F. Atkinson Company (of which our founder is president) has grown from a value of some $1,444,000, to just under $5,000,000.
>
> We have no objection to being required to continue to give away all income actually received each year; but to now require us to use this $5,000,000 figure as the basis for a mandatory minimum 5 per cent return is simply to require us to sell off more than $100,000 from our invested stock each year:

Required minimum return ($5,000,000 × .05)	$250,000.00
Estimated GFACo. dividends	149,102.40
Balance to "make up" each year	100,897.60

> This 5 per cent minimum investment return provision is nothing more than an attempt to force a private foundation to sell off its business holdings over a period of time. . . .

Mr. President, this amendment may be justified in the eyes of some, but to me it will hit the beneficiary of the philanthropy in the long run. When a foundation has to eat into its assets to satisfy such a rule as this, the smaller foundations face a short life as they wither and die. Their corpus will be eaten up by this payout rule—some eventually even by the 5-percent rule.

As Governor of Oregon for 8 years, I became involved with higher education in both the public and private sector. During this 8 years, I witnessed the tremendous increase in the costs of operating a university. This cost increase was present in colleges in States which all of us here today represent.

Mr. President, are we to add another albatross to the neck of our colleges and universities? Are we going to hinder further the one source which has risen dramatically in recent years? I hope not.

I ask unanimous consent to have printed at this point in the RECORD, a fine article highlighting the plight of colleges and universities in Oregon.

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

OREGON'S PRIVATE COLLEGES, UNIVERSITIES HURT BY STEEP DECLINE IN FALL ENROLLMENT

(By John Guernsey)

KLAMATH FALLS.—The crisis facing some of Oregon's privately operated colleges and universities was pointed up Monday when fall term enrollments for all institutions were reported by the State Board of Higher Education.

The 18 independent colleges and universities this fall have a total enrollment of 12,086 students, down about 5.5 per cent from their fall term total last year.

In the past four years, the combined independent institutions have fallen about 13 per cent from their peak total enrollment of 13,627 in the fall of 1965.

This year's enrollment reports indicate that while the independents fell 5.5 per cent, the public four-year colleges gained 5.4 per cent, and the number of community college students taking academic college transfer courses climbed nearly 24 per cent.

The big losers in the independent college field are Northwest Christian College of Eugene, down 12.6 per cent from 460 students last year; Marylhurst College down 17.3 per cent from 750 students last fall; Mount Angel College, down 10.3 per cent from 370 last year; and Linfield College, down 7 per cent from 1,147 last year.

Lewis and Clark College climbed 6.1 per cent to 1,989 students; Reed College gained 7.3 per cent to 1,379; University of Portland is up 5.2 per cent to 1,879 students; and Willamette University is up 3.9 per cent to 1,632.

The over-all college enrollment declined in spite of enrollment-luring innovations such as new study programs on many of the campuses and despite state scholarship support for private college students.

The issue of state fund assistance for the independents is expected to be a major one during the 1971 Oregon legislative session.

The enrollment reports also alerted legislators and educators to keep a close eye on the two-year community colleges, to see that they do not become strictly academic-flavored junior colleges, with little or no attention paid to vocational-technical courses and students.

Whereas the number of community college students taking academic courses climbed nearly 27 per cent to 14,991 students, the total community college enrollments gained only 15 per cent this fall.

The history of community colleges and junior colleges in other states indicates they are inclined to develop into academic institutions, with vocational instruction having only the country cousin role.

Legislators have made it clear that they do not intend this to happen in Oregon.

Total enrollment in the nine public colleges and universities has reached about 84,000, up 5.4 percent over last fall.

The figures indicate that 1969 legislative action to curb the number of graduate students has produced the desired effect.

The System of Higher Education now has about 8,240 graduate students, up about 2.7 per cent over the 8,023 of last year.

More than 9,000 had been anticipated before legislative restrictions went into effect.

There are about 6,468 out-of-state students in the public four-year colleges this fall, up about 12.5 per cent over the 5.755 of last year. Even though the out-of-state number is up considerably, the legislative intent of not having more than 900 new out-of-state freshmen at the University of Oregon and Oregon State University has been accomplished.

Mr. HATFIELD. Mr. President, the article, written by John Guernsey, of the Portland Oregonian, points out the decline in enrollment in Oregon's private colleges and universities, I, for one, do not want to see this happen and I fear that the Percy amendment will hurt these colleges and universities in the long run.

In closing, I ask Senators to look at their States: look at private colleges and universities, look at art museums, look at historical museums, and look at the many worthwhile charities that will be hurt if this payout requirement is tightened.

I hope that Senators will see that we must not put undue restraints on those who give so much, who do so much, and who help so much. Let us not kill foundations piece by piece.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. KENNEDY. I announce that the Senator from New York (Mr. ANDERSON), the Senator from Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Georgia (Mr. RUSSELL), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON) and the Senator from Texas (Mr. YARBOROUGH) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH) and the Senator from Nevada (Mr. CANNON) are absent on official business.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) and the Senator from Louisiana (Mr. ELLENDER) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK), the Senator from California (Mr. MURPHY), the Senator from Ohio (Mr. SAXBE) and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from California (Mr. MURPHY) would each vote "nay."

The result was announced—yeas 49, nays 32, as follows:

[No. 184 Leg.]

YEAS—49

Aiken	Eagleton	Magnuson
Allen	Eastland	Mansfield
Bible	Griffin	McGee
Burdick	Hart	McGovern
Byrd, Va.	Hartke	McIntyre
Byrd, W. Va.	Hollings	Metcalf
Church	Hughes	Mondale
Cooper	Inouye	Montoya
Cranston	Jackson	Moss
Dodd	Kennedy	Muskie
Dole	Long	Nelson

Pastore	Ribicoff	Williams, N.J.
Pearson	Schweiker	Williams, Del.
Pell	Scott	Young, N. Dak.
Percy	Spong	Young, Ohio
Proxmire	Tower	
Randolph	Tydings	

NAYS—32

Allott	Fannin	Jordan, Idaho
Baker	Fong	Mathias
Bellmon	Goodell	Miller
Bennett	Gurney	Packwood
Boggs	Hansen	Prouty
Brooke	Harris	Smith, Maine
Case	Hatfield	Sparkman
Cotton	Holland	Stevens
Curtis	Hruska	Talmadge
Dominick	Javits	Thurmond
Ervin	Jordan, N.C.	

NOT VOTING—19

Anderson	Gore	Saxbe
Bayh	Gravel	Smith, Ill.
Cannon	McCarthy	Stennis
Cook	McClellan	Symington
Eilender	Mundt	Yarborough
Fulbright	Murphy	
Goldwater	Russell	

So Mr. PERCY's amendment was agreed to.

Mr. PERCY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SCOTT. Mr. President, I offer amendments and ask for their immediate consideration.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk proceeded to read the amendments.

Mr. SCOTT. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

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

The amendments are as follows:

On page 156, line 15, strike out "and".

On page 157, at the end of line 6, strike out the period and insert ", and".

On page 157, after line 6, insert the following:

"(iii) a private foundation all of the contributions to which are pooled in a common fund and which would be described in section 509(a)(3) but for the right of any substantial contributor (hereafter in this clause called 'donor') or his spouse to designate annually the recipients, from among organizations described in paragraph (1) of section 509(a), of the income attributable to the donor's contribution to the fund and to direct (by deed or by will) the payment, to an organization described in such paragraph (1), of the corpus in the common fund attributable to the donor's contribution; but this clause shall apply only if all of the income of the common fund is required to be (and is) distributed to one or more organizations described in such paragraph (1) within 3 months after the close of the taxable year in which the income is realized by the fund and only if all of the corpus attributable to any donor's contribution to the fund is required to be (and is) distributed to one or more of such organizations not later than one year after his death or after the death of his surviving spouse if she has the right to designate the recipients of such corpus.

Mr. SCOTT. I will explain the amendments.

The PRESIDING OFFICER. Does the Senator from Pennsylvania wish the amendments to be considered en bloc?

Mr. SCOTT. Yes. I ask unanimous consent to do so.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

Mr. SCOTT. Mr. President, this is an amendment which has been cleared on both sides of the aisle and would extend the availability of the 50-percent charitable deduction limitation and the full deduction for gifts for certain appreciated property, also, to contributors to what are known as community foundations; and the extent to which other provisions of the proposed legislation dealing with private foundations will be applicable to community foundations will not be affected by the proposed amendment.

This is a clarifying amendment, to make certain that community foundations are included in the provisions of the bill in this form.

I ask unanimous consent to have printed in the RECORD at this point a memorandum in further explanation of the amendment.

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

MEMORANDUM RE AMENDMENT TO SECTION 201(A) OF H.R. 13270

Certain publicly supported charitable organizations have supplemented their fund-raising programs by forming so-called "community foundations" which receive contributions and, although investments are pooled, maintain separate accounts for each contributor in the income and corpus of the foundation. The income and assets representing each contributor's account ultimately redound to the benefit of the founding organization, except to the extent that the donor may periodically designate that other section 501(c)(3) organizations, contributions to which qualify for the 50% contributions deduction limitation, receive all or part of the income or corpus allocable to his account. Typically, apart from the designation of the particular organization which will receive the income or corpus, such foundations are controlled in all respects, including investment policies, by the founding organization.

The provisions of H.R. 13270 dealing with charitable contributions may be unduly restrictive as applied to these "community foundations," since the retained power in the contributor to designate the ultimate recipient from among such section 501(c)(3) organizations may cause the "community foundation" to be treated as a "private foundation" by reason of section 509(a)(3)(C). The 50% charitable deduction limitation and the full deduction for gifts of certain appreciated property may therefore not be available to contributors to the same extent as if contributions were made directly to the section 501(c)(3) organizations.

These two rules have been made applicable with respect to contributions to other organizations classified as "private foundations", namely private operating foundations and other private foundations which distribute 100% of contributions received before the end of the taxable year following the year of receipt. The proposed amendment to section 170(b)(1)(E) would extend the availability of the 50% charitable deduction limitation and the full deduction for gifts of certain appreciated property also to contributors to "community foundations". The extent to which other provisions of the proposed legislation dealing with "private foundations" will be applicable to "community foundations" will not be affected by the proposed amendment.

Mr. SCOTT. Mr. President, I ask for action on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania.

The amendments were agreed to.

AMENDMENT NO. 368

Mr. KENNEDY. Mr. President, I call up my amendment No. 368.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be waived.

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

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

Mr. KENNEDY. I yield.

Mr. LONG. Is the Senator willing to agree to a time limitation?

Mr. KENNEDY. I am willing to agree to a 1-hour limitation on the amendment, to be equally divided.

The PRESIDING OFFICER. Thirty minutes to a side?

Mr. KENNEDY. Yes.

Mr. SCOTT. No objection.

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

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

Mr. KENNEDY. I yield.

Mr. JAVITS. Has the Senator sought to have these amendments considered en bloc?

Mr. KENNEDY. If the Senator will withhold his request, I intend to make that request now.

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

Mr. JAVITS. Mr. President, I object. I have no objection to——

Mr. KENNEDY. Very well; with the understanding that the Senator objects, will the Senator permit me to continue?

Mr. JAVITS. My only question is as to the appreciation feature.

Mr. KENNEDY. Mr. President, I make the request that my amendment be divided as follows: that the amendment be considered in two parts, and that all of amendment No. 368 as printed except lines 3 through 12 on page 3 be treated as the first part—section A—and that lines 3 through 12 on page 3 be considered as the second part—section B. This would remove for separate consideration the provision on appreciated property given to charity, and may meet the Senator's objection. Therefore, Mr. President, I ask unanimous consent that the amendment be divided in this manner.

The PRESIDING OFFICER. So that the understanding of the Chair may be clear, all of the Senator's amendment except lines 3 through 12 on page 3 will be considered as one amendment, and those lines will be considered as a second amendment?

Mr. KENNEDY. That is correct. Also, Mr. President, I ask unanimous consent that the provision on appreciation in value of charitable contributions be voted on first.

Mr. COTTON. Mr. President, reserving the right to object, what does that do to the time limitation? Does the time limitation apply to each of the sections?

The PRESIDING OFFICER. The time limitation would apply to the whole amendment as called up. The first vote would be on lines 3 through 12 on page 3.

Mr. LONG. Mr. President, I ask unanimous consent that the time limitation apply only to the first section of the amendment, and that we have a separate time limitation on the other division, because Senators would like to know what they are voting on. I might not need all of the time we have in opposition, but I do think Senators ought to have an explanation of what they are voting on between part 1 and part 2 of the amendment.

Mr. PASTORE. Mr. President, I object, on the ground that if we stay here and listen, we will know.

Mr. COTTON. Mr. President, the request for a division has not been granted.

The PRESIDING OFFICER. The Chair corrects the Senator from New Hampshire. The division has been granted.

Mr. COTTON. I made a reservation, and I did not hear it granted after I made the reservation.

Mr. SCOTT. The Senator's reservation was as to the time limitation.

Mr. COTTON. I made the reservation on the request that the amendment be divided. My point is that I feel that if we are going to divide it, there should be some assurance that we do not use up all the time on the first part, or nearly all of it, so that we do not have an adequate opportunity to discuss the second part; and it would seem to me that when the Senate agreed to the unanimous-consent request for the limitation of 30 minutes on a side, it was with the understanding that it was on all of the amendment. Now, if it is to be divided——

Mr. PASTORE. Why not do it 40 minutes on one part and 20 minutes on the other?

Mr. KENNEDY. Mr. President, will the Senator yield? I think all of us here realize the importance of permitting some additional discussion after we vote on the appreciation in value of charitable contributions. I think that would be the logical way to proceed. We should have a reasonable period of time just to discuss the other part of the amendment, which proposes to make the minimum tax progressive, and to reduce the level of preference income which triggers the minimum tax. It was my intention to use up only about 20 minutes of my part of the time in talking about appreciated property given to charity. I think the other part of my amendment will be illuminated to some extent in the course of our discussion on appreciated property, and I think we can deal with the whole amendment in the agreed period of time.

I agree with the Senator from New Hampshire and the Senator from Louisiana that after we complete the first part of the amendment, we will need time for some discussion on the second part.

Several Senators addressed the Chair.

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

Mr. KENNEDY. I think the Senator from New Hampshire has the floor.

Mr. COTTON. I am happy to yield to the Senator.

Mr. PASTORE. We have been staying here now for more than a week, and we have got to come back next week. The trouble here is, we do not stay on the floor and listen to the argument. If we would stay on the floor and listen, we could facilitate this.

We can stay within the hour. Why not allow 40 minutes for the vote on part B, and take a vote, and then have 20 minutes on part A, and still stay within the hour?

Mr. COTTON. That is perfectly acceptable to me.

The PRESIDING OFFICER. Does the Senator from Massachusetts concur in that unanimous consent request?

Mr. KENNEDY. Mr. President, I wish to reserve the right—if the portion of the amendment dealing with appreciated property given to charity is defeated—to offer a substitute amendment. Therefore, I do not wish to yield back the remainder of my time before the vote on the first part of the amendment.

Mr. LONG. All time must be yielded back before the vote.

The PRESIDING OFFICER. The Senator is advised that all time would have to be yielded back before the vote on the first section of his amendment.

Mr. KENNEDY. Then, Mr. President, may I have the attention of the Senate? I propose that we modify the unanimous-consent agreement to permit 30 minutes each on the two separate sections of the amendment.

The PRESIDING OFFICER. Is that 15 minutes for each side?

Mr. KENNEDY. Yes.

The PRESIDING OFFICER. According to the Chair's understanding, then, there will be a time limitation of 1 hour, 15 minutes on each side for each section. Is there objection?

Mr. PASTORE. I have no objection, Mr. President.

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

Mr. Kennedy's amendment (No. 368), as divided, is as follows:

AMENDMENT No. 368

FIRST PART (SECTION A)

Page 212, strike out lines 16 through 20 and insert the following:

"(a) IN GENERAL.—

"(1) INDIVIDUALS.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year, with respect to the income of every person other than a corporation, a tax, determined in accordance with the following tables, on the sum of the items of tax preference:

"(A) Taxpayers other than married individuals filing separate returns—

"If such sum is:

Not over $5,000	0.
Over $5,000 but not over $30,000	2½% of such sum over $5,000.
Over $30,000 but not over $50,000	$625, plus 5% of such sum in excess of $30,000.
Over $50,000 but not over $100,000	$1,625, plus 10% of such sum in excess of $50,000.
Over $100,000	$6,625, plus 15% of such sum in excess of $100,000.

"(B) Married individuals filing separate returns—

"If such sum is:

Not over $2,500	0.
Over $2,500 but not over $15,000	2½% of such sum in excess of $2,500.
Over $15,000 but not over $25,000	$312.50, plus 5% of such sum in excess of $15,000.
Over $25,000 but not over $50,000	$1,812.50, plus 10% of such sum in excess of $25,000.
Over $50,000	$3,312.50, plus 15% of such sum in excess of $50,000.

"(2) CORPORATIONS.—In addition to the other taxes imposed by this chapter, there is hereby imposed for each taxable year with respect to the income of every corporation, a tax equal to 5 percent of the amount by which the sum of the items of tax preference exceeds $30,000.

Page 213, line 2, strike out "person" and insert "corporation".

Page 214, after line 2, insert the following:

"(4) TAXPAYERS OTHER THAN CORPORATIONS.—In the case of a taxpayer other than a corporation, rules similar to the rules provided by paragraphs (1), (2), and (3), shall be applied under regulations prescribed by the Secretary or his delegate." . . .

Page 220, strike out lines 9, 10, and 11 and redesignate subsections (b) through (g) of section 58, as subsections (a) through (f), respectively.

Page 220, beginning with line 21 strike out all through line 6, page 221 and insert the following: "or trust the sum of the items of tax preference for any taxable year of the estate or trust shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allocable to each."

SECOND PART (SECTION B)

Page 217, after line 21, insert the following:

"(10) APPRECIATION IN VALUE OF CHARITABLE CONTRIBUTIONS.—So much of the amount of the deduction allowable for the taxable year under section 170 or 642(c) which is attributable to contributions of property (other than contributions to which section 170(e) applies) as is equal to the amount by which the fair market value of such property (at the time of contribution) exceeds the taxpayer's adjusted basis in such property."

Mr. WILLIAMS of Delaware. Mr. President, does the Senator request the yeas and nays on his amendment?

Mr. KENNEDY. I ask for the yeas and the nays on the second part.

The yeas and nays were ordered.

Mr. KENNEDY. I also ask for the yeas and nays on the first part.

The PRESIDING OFFICER. The ruling carries as to both sections.

Mr. KENNEDY. Mr. President, first of all, basically and fundamentally, the amendment which I offer today on behalf of myself, the Senator from Nevada (Mr. CANNON), the Senator from Michigan (Mr. HART), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), the Senator from Wisconsin (Mr. PROXMIRE), and the Senator from Ohio (Mr. YOUNG), would carry forward a very important and, I think, progressive concept that has already been established in the committee bill, and for which the Committee on Finance should be commended. The concept that has been established is the concept of a minimum tax.

The minimum tax provision included in the Senate bill is the result, I believe,

of the great sentiment of millions of ordinary taxpayers of this country. They have been outraged in recent years to find that there are individuals who are able to accumulate great sources of income without paying any income tax at all.

Mr. President, the most glaring defect of our tax laws is their inequity. Although our procedures for administering the tax laws are the most advanced of any nation in the world, the laws themselves are unfair. We know that some taxpayers pay a bargain basement price while others, especially the poor, are required to bear far more than their fair share. Millions of Americans below the poverty level pay taxes they cannot afford on their meager yearly incomes. Many of our wealthiest citizens, with millions of dollars in income each year, pay little tax or no tax at all. Often taxpayers with the same real economic income are taxed at widely different rates, depending on the source of their income.

In 1967, for example, in what has now become the famous statistic in American tax lore, 155 Americans filed tax returns with adjusted gross incomes in excess of $200,000, but paid no taxes whatever. Twenty-one of these citizens had incomes in excess of $1 million. Yet, these 155 Americans are only the tip of the iceberg. Tens of thousands of wealthy citizens obtained subsantial tax reductions because of the sophisticated use of tax loopholes.

Although the maximum tax rate is 70 percent, the effective tax rates are far lower. Indeed, the average effective tax rate rises to only about 30 percent for persons with annual incomes in the range of $50,000 to $200,000, then gradually declines for those earning over $1 million a year.

Even these dramatic figures, however, do not adequately measure the breakdown in fairness of our current tax structure. Clearly, in our tax laws, some types of income are more equal than others. Thus, salaries and many kinds of business income are taxed at ordinary income rates, but other income is not taxed at all—such as the appreciated value of property given to charity—or is taxed at lower capital gain rates. And, taxable income from any source can be offset by artificially large deductions for oil and gas properties, such as intangible drilling costs, the recurring percentage depletion allowance, and the foreign tax credit.

Mr. President, as I have indicated, I would like to commend the Committee on Finance and its distinguished chairman, the Senator from Louisiana, for the significant improvements the committee has made in the provisions dealing with the minimum tax—LTP—as passed by the House of Representatives.

The minimum tax is specifically designed to deal with the problem of the consistent excessive use of tax preferences, alone or in combination, by individuals subject to the progressive rate structure. At the same time it is also designed to avoid a substantial penalty on the moderate use of such preferences. Preferences are incentives, given through the tax law to encourage desirable objectives, and if they are to remain in the tax law they should be allowed to operate to achieve their intended purposes, except where they are used to an excessive degree to permit taxpayers to avoid a fair share of their tax burden.

The LTP in the House bill applied to "disallow" preferences only to the extent they exceeded half the taxpayer's true economic income. This disallowed portion was taxed on the basis of the progressive rates. A taxpayer whose income consists of salary and dividends of $200,000 and who reduces this amount by $150,000 of preferences under existing law would have adjusted gross income of $50,000. Under LTP, the preferences could not be used to reduce his adjusted gross income to less than $100,000—one-half of $200,000, his true economic income.

Although the theory of the "limit on tax preferences"—the so-called LTP—in the House bill was relatively simple in concept, the proposal was highly complex in practice, as most of us who have tried to fathom its detailed provisions will attest. If enacted, the LTP would require difficult calculations by taxpayers, and would add significant new administrative difficulties to the Internal Revenue Code. Even more significant for our present purposes, however, the bill passed by the House was deficient in three major respects:

First. It omitted a number of substantial items from its list of tax preferences subject to the minimum tax, such as preference income from percentage depletion and from leased personal property.

Second. It applied the minimum tax only to individual taxpayers. It failed to apply the tax to corporations, who also are able to enjoy large amounts of tax preference incomes.

Third. And, perhaps most significant of all, the House bill contained provisions that did not "trigger" the minimum tax until tax preference income exceeded taxable income. As a result, many individuals with high taxable income would continue to enjoy large amounts of tax-free preference income under the House bill, in spite of the minimum tax.

As the excellent report of the Finance Committee makes clear, the committee recognized the serious complexity and the inequity of the House version of the minimum tax, and adopted a completely different approach, based on the general concept that every taxpayer should pay at least some tax on income derived from tax preferences. I believe that this new concept of the minimum tax, now offered by the Finance Committee, is one of the major virtues of the committee bill, and I commend the committee for establishing this important principle. Indeed, as Members of the Senate are aware, Senator LONG has long favored the concept of the minimum tax, and it is entirely appropriate that his important contribution should at long last be made a part of this major tax-reform bill.

At the same time, however, I believe that the minimum tax proposed by the committee can be improved still further as it applies to individuals. In fact, there are three important respects in which the fruitful work of the committee should be carried forward, and my amendment is intended to accomplish this result.

First, the minimum tax on individuals should be a progressive tax, not a flat rate tax. As many Senators have pointed out in the course of the current debate, the genius and guiding principle of our Federal income tax system is its progressivity. We apply that principle to our ordinary income tax on individuals, and we should apply it as well to the committee's version of the minimum tax.

As reported by the committee, the minimum tax in H.R. 13270 imposes a flat 5-percent tax rate on both individuals and corporations. Since corporations are already subject to a flat income tax rate under our present tax laws, it is appropriate that the minimum tax applied to corporations should also be at a flat rate. Therefore, I support the provisions of the committee bill as they apply to corporations.

With respect to individuals, however, the situation is far different. Under present law, the tax rates are progressive, ranging from 14 percent in the lowest bracket to 70 percent in the highest bracket. I believe that the minimum tax rate we enact should also be progressive. In general, the larger the amounts of an individual's income from tax preferences, the larger should be the rate of the minimum tax he pays. We know that each year, many taxpayers receive hundreds of thousands of dollars or more in tax-free income through the use of the numerous preferences now contained in the tax code. It is fair to demand that these wealthy taxpayers pay their minimum tax at a higher rate than citizens with more modest preference income. For this reason, the minimum tax amendment I am proposing contains a new rate schedule graduated in four stages, from 2½ percent in the lowest bracket to 15 percent in the highest bracket.

Second, the minimum tax should be "triggered" at the lowest reasonable level consistent with effective administration of the tax laws and avoidance of unnecessary complexity for the taxpayer. Obviously, not every taxpayer with a few hundred dollars of capital gain should be subject to the tax. As passed by the House, the first $10,000 of tax preference income was made exempt from the minimum tax. In the version of the minimum tax reported by the Finance Committee, the first $30,000 of preference income was exempted from the operation of the tax.

I believe that both of these triggers are too high. One of the great virtues of the minimum tax is its insistence that all individuals with substantial tax preferences should pay at least some tax on their preference income. To be sure, even with the $30,000 trigger in the committee bill, the wealthiest taxpayers—those with the largest amounts of tax preference income—would be subject to the committee's minimum tax. But to say that $30,000—or even $10,000—of such income can continue tax free is to cast grave doubt on the principle of the minimum tax in the eyes of scores of mil-

lions of our citizens whose taxable income is far less than $30,000 or $10,000. If we are to win their confidence in the justice of the minimum tax, we must set the trigger at the lowest practicable level. For this reason, my amendment proposes to set the trigger for application of the minimum tax on individuals at $5,000 of preference income. Thus, the amendment will establish the following progressive tax rates on preference income:

	Percent
$0 to $5,000	0.0
$5,000 to $30,000	2.5
$30,000 to $50,000	5.0
$50,000 to $100,000	10.0
Over $100,000	15.0

Third, the items of "tax preference" income made subject to the minimum tax should be as comprehensive as possible. Except for two omissions, I believe that the nine items of preference income listed in the committee bill represent an essential complete list of the preferences now contained in the Internal Revenue Code or that will be contained in the code if other provisions of the committee bill are enacted.

The two omissions, however, are significant. They are interest on State and local government bonds, and the appreciation in value of property donated to charity. Because of the extremely tenuous position of the tax-exempt bond market at this time, the virtually unanimous opposition of Governors and mayors throughout the Nation to any mandatory tax whatever on their Government bonds, and the probability that early next session Congress will consider proposals like Urbank, it makes no sense to attempt to include interest on such bonds in the list of tax preferences subject to the minimum tax at this time.

No such argument applies, however, to appreciation in value of property given to charity. Undoubtedly, such appreciation is a tax preference, and should be subject to the minimum tax, just as excess percentage depletion or excess depreciation on property is subject to the tax. I believe that the concept of the minimum tax is too important to allow its comprehensive tax base to be lightly eroded. Therefore, the amendment I am proposing includes, as a tax preference, the appreciation in value of property donated to charity.

Mr. President, let me speak further on the tax rate in the version of the minimum tax in the committee bill.

I believe that a 5-percent tax fails to deal adequately with the problem of the excessive use of tax preferences. Its rate is too small. It is not a progressive tax. It is only a drop in the bucket for wealthy taxpayers with hundreds of thousands or even millions of dollars in tax preferences. Recent Treasury studies show an extensive pattern of returns in which tax preferences are used to offset all, or substantially all, of the income of high-income taxpayers. If a taxpayer with $200,000 of salary and dividend income had sheltered all of this amount with preferences, his tax under present law would be zero. Under the committee bill, it would be only $10,000. Under my amendment, the tax would be $21,000.

For this very high income taxpayer, the 5-percent committee tax will impose a tax burden on preferences of less than one-half of the tax burden that would have been imposed by amendment No. 368. Yet this taxpayer is enjoying $200,000 of tax-sheltered income. Equally serious, the tax burden is at the same rate under the 5-percent committee tax whether the taxpayers' preferences are $50,000, or $500,000, or $5,000,000.

Indeed, the 5-percent tax is actually regressive in nature. The denial of the tax benefit decreases as the taxpayer's marginal rate increases—as his taxable income increases—so that the impact will be least where it should be greatest and vice versa. Stated another way, a 5-percent tax has the same effect as disallowing 10 percent of a deduction to a 50-percent-bracket taxpayer, but to a 70-percent-bracket taxpayer, the effect is the same as disallowing only 7 percent of a deduction.

Mr. President, in summary, my amendment would make three changes in the minimum tax:

It would replace the existing flat rate with a graduated rate.

It would reduce the "trigger" from $30,000 to $5,000.

It would expand the list of tax preferences by adding an important additional item, the appreciation in the value of property donated to charity.

According to Revenue estimates, these provisions will increase the revenue gain from its present value of $700 million under the committee bill to approximately $1.2 billion.

As recent votes make clear, additional revenues from tax reform are essential if we are to maintain a proper measure of fiscal responsibility in the tax bill for the immediate years ahead. I am pleased, therefore, that a more equitable approach to the minimum tax also confers the additional bonus of a substantial revenue gain. If enacted, the amendment I am proposing will help bridge the gap between tax reform and tax relief in the bill.

Mr. President, there are those—and I am certainly one of them—who have been subjected to calls and telegrams from many of our colleges and universities and even foundations throughout the country, complaining about this amendment and saying that it is really going to destroy their institutions by eliminating the opportunities for individuals to make sizable contributions to the charitable institutions of their choice.

This amendment does no such thing.

To demonstrate my point here, I would like to make several observations in connection with my minimum tax amendment:

First, an effective minimum tax is essential to the fair operation of our tax system. The essence of the minimum tax is the fundamental principle that every individual should pay at least some tax on his income. Yet, the loopholes and escapes in our current tax laws are widespread and are known to be widespread. Compounding this unfairness, the use of tax shelters for income can be reached only by our wealthiest citizens. To paraphrase a famous aphorism, our tax laws in their majestic equality allow the poor as well as the rich to reap long-term capital gains, to search for oil, and to contribute appreciated property to charity. The minimum tax is intended to remedy these abuses while still maintaining the principal tax incentives. The minimum tax does not eliminate tax preferences. What it does do is to place a modest or minimum tax on the income represented by such preferences, which would otherwise be completely tax free.

This is what the "taxpayers' revolt" is all about. Millions of law-abiding citizens faithfully pay the Federal tax collector billions of dollars each year from their hard-earned taxable income. The minimum tax will insure that all citizens, including those with tax-sheltered income and tax preferences, pay some tax. Therefore, the list of tax preferences should be as comprehensive as possible. Since appreciation in value of property donated to charity is a tax preference, it should be added to the nine items of tax preferences listed in the committee's bill.

Second, the charitable deduction for appreciated property given to charity is a tax preference. If an individual bought stock for $0 and it is now worth $100, the appreciation in value of the property is $100. If he gives the stock to charity, he gets a deduction from his other, "ordinary," income for the full $100 market value of the stock. At the top bracket of 70 percent, the gift would actually cost the taxpayer only $30. In effect, the Federal Government would be contributing the other $70 to the charity; that is, the taxpayer is giving away a large part of his tax to charity.

On the other hand, if the individual sold his property and then contributed it to charity—which is the method of contribution that strict tax justice would require, absent incentives for charitable giving, he would have to pay capital gains tax on the full $100 appreciation in value. Under the committee bill as it now stands, his capital gain tax would be $35. If he gave the remaining $65 to the charity, he would get a deduction of $65 from his ordinary income. This gift would actually cost the taxpayer 30 percent of $65, or $19.50, and the Government would be contributing the difference—$45.50—to the charity. Thus, the total effective cost to the taxpayer of the $100 gift is $35 in capital gains plus $19.50 after the deduction from his ordinary income, or $54.50. Under present law, his cost is only $30. Clearly this is a tax preference.

In other words, there is a tax preference in present law that encourages contributions of appreciated property—as opposed to cash—to charity. The higher the tax bracket of the contributor, the greater the benefit of his contribution. The economic situation in my example is the same as if the tax laws were to read in effect as follows: For every $100 contribution made in cash or out of his salary check, the taxpayer gets a deduction of $100. But if he gives $100 worth of appreciated property, he is entitled to a deduction of $154. That is, $100 multiplied by the ratio 100/65 equals $154. Under amendment No. 368, the appreci-

ation in value of property given to charity is recognized for what it is—a tax preference. It should be subject to the minimum tax, just as percentage depletion or excess depreciation on real property or personal property is already subject to the tax under the committee bill.

Third, universities and other charities will not be seriously hurt by amendment No. 368. Members of the Senate are well aware of the extraordinary protest raised by charitable and educational organizations and institutions throughout the Nation against the House bill. It is clear, however, that the impact of the House bill on such organizations and institutions was vastly more serious with respect to the allocation of deductions provision than it was with respect to the minimum tax.

This point was explicitly recognized by former Secretary of the Treasury Douglas Dillon, who testified before the Senate Finance Committee on September 25, 1969. Secretary Dillon's testimony on the devastating impact of the allocation of deductions provision was itself devastating, and was in large measure responsible for the deletion of the allocation of deductions provision from the House bill by the Senate committee. However, in his testimony, Secretary Dillon minimized the impact of the House version of minimum tax—LTP—on charities, and stated specifically that 85 percent of the impact of the House bill would be due to the allocation of deductions.

The Finance Committee bill contains no provision for the allocation of deductions, and neither does amendment No. 368. This is a crucial distinction. It is important to recognize that the concept of the minimum tax is independent from the concept of the allocation of deductions. Even though appreciated property donated to charity may be a tax preference for the purpose of the minimum tax, it need not necessarily be treated the same way in the allocation of deductions, even if such an amendment is offered. The modest minimum tax proposed by amendment No. 368 will not have a serious deleterious effect on our charities, our universities, or our other philanthropic institutions.

Also, the minimum tax does not take away the existing incentive in the tax laws for the gift of appreciated property to charity. Unlike the allocation of deductions provision in the House bill, it does not disallow any part of a charitable contribution.

This overall point is made clear by figures published by the American Council on Education with respect to contributions to universities—

For the university year 1962–63, the only year for which data are available, the total amount of university contributions was $1.035 billion. Of this amount: $794 million was in cash, or 77 percent of the total; $183 million was in securities, that is, appreciated property, or 18 percent; $26 million was in real estate, and $2.5 million was in art objects.

Moreover, the gift of appreciated property to charities is only a small proportion of the total amount of all charitable gifts. In the year 1966, the total amount of deductions for charitable contributions listed on individual tax returns was $9.1 billion, of which $8.3 billion was in cash. Only $760 million—or less than 10 percent—was in the form of appreciated property and gifts other than cash. Clearly, the minimum tax will have a minimum impact on charities.

Mr. President, amendment No. 368 still retains a very large tax advantage for gifts of appreciated property to charity. The top tax rate on ordinary income in present law is 70 percent, and will continue to be 70 percent if the Gore amendment adopted last Wednesday is signed into law. The top tax rate on capital gains under the bill is 35 percent. By contrast, the top rate for the minimum tax under amendment No. 368 is only 15 percent. Thus, a taxpayer will still be far better off than he would be if he sold his appreciated property, paid tax to the Government on his capital gains, and gave the remainder to charity. There is still a strong incentive for the taxpayer to give to charity. If he does not give, he gets no deduction to offset his ordinary income.

Fourth, the committee bill contains two major new provisions that will undoubtedly stimulate a substantial increase in charitable contributions.

First, private foundations must currently distribute either all of their income, or 5 percent of their investment assets, whichever is greater. Obviously, a large portion of these distributions will find their way to charities, and especially to universities. Indeed, the primary thrust of this provision in the committee bill will be to favor universities. Moreover, just now, the Senate has voted to raise the percentage to 6 percent.

Second, the ceiling on the deduction for charitable contributions is raised from 30 percent—under present law—to 50 percent—under the committee bill—of a taxpayer's adjusted gross income. This provision creates a strong additional incentive for charitable contributions. The provision creates a strong additional incentive for charitable contributions. The provision is primarily intended to offset the bill's repeal of the unlimited charitable deduction used by wealthy taxpayers, but it will also serve to offset any possible impact of the minimum tax.

Mr. President, in conclusion amendment No. 368 is a major step forward toward the cause of tax justice. It still leaves a large incentive for contributions of property to our universities, but at the same time it is an important and primary addition to the fairness and equity of our tax laws.

If we fail to adopt this provision, then we will have failed to act on precisely the sort of tax loophole that generated the taxpayers' revolt of last winter. We must not forget that because of this revolt, we are here today, voting on what is likely to become the best tax reform bill in the Nation's history.

In closing, I compliment the distinguished chairman of the committee for his positive leadership in the area of tax reform—not only with respect to the minimum tax, an idea that he had long advocated, but also with respect to the many other very desirable features of this bill. Last winter, when the taxpayers' revolt first began, few of us believed that by December the Senate would be about to pass the greatest tax reform bill in our history. Today, our hopes are being realized, and the fact that they are is a great and lasting tribute to the leadership of the Senator from Louisiana.

Mr. President, I ask unanimous consent that the two tables to which I referred—showing the relation contributions in cash versus other property to charities—be printed in the RECORD at this point.

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

TABLE I.—NATURE OF GIFTS TO HIGHER EDUCATION (UNDER $5,000 AND OVER $5,000 FOR THE 1962–63 YEAR)

	Under $5,000			Over $5,000			Total	
	Donor transactions	Amount	Average per transaction	Donor transactions	Amount	Average per transaction	Donor transactions	Amount
Cash	2,366,059	$238,288,479	$100	17,241	$556,062,359	$35,621	2,383,300	$794,350,838
Securities	11,180	15,721,263	1,406	3,476	167,586,834	48,213	14,656	183,308,097
Real estate	59	113,137	1,917	280	26,053,007	93,046	339	26,166,144
Rights to trust income	62	83,225	1,342	72	7,568,344	105,115	134	7,651,569
Art objects	2,226	651,811	292	135	1,895,439	14,040	2,361	2,547,250
Business or farm inventory	114	95,597	838	21	304,134	14,482	135	399,731
Mineral rights	10	10	1	9	201,699	22,411	19	201,709
Life insurnce policies	137	63,139	460	13	205,232	15,787	150	268,371
Rights to rental	5	11,134	2,226				5	11,134
Unclassified [1]	51,581	4,927,000	96	506	15,004,434	29,653	52,087	19,931,434
Total	2,431,433	259,954,795	107	21,753	774,881,482	35,621	2,453,186	1,034,836,277

[1] Donor transactions not identified as to nature of gift.

Note: This table distinguishes as between donor transactions in the form of cash as compared to securities and property. Of $1,034,836,277 of all voluntary support $794,350,838, or 76.7 percent, was received in the form of cash; $183,308,097, or 17.7 percent, was received in the form of securities; and $57,177,342, or 5.6 percent, was received in the form of property.

Source: Julian H. Levi and Fred S. Vorsanger, "Patterns of Giving to Higher Education: An Analyis of Contributions and Their Relation to Tax Policy" (American Council of Education, 1968).

TABLE II.—INDIVIDUAL RETURNS, 1966—DEDUCTIONS AND EXEMPTIONS

CONTRIBUTION DEDUCTION: TOTAL CONTRIBUTIONS, CASH AND OTHER THAN CASH CONTRIBUTIONS, AND CONTRIBUTIONS CARRYOVER, BY ADJUSTED GROSS INCOME CLASSES

[Taxable and nontaxable returns—Dollar amounts in thousands]

Adjusted gross income classes	Number of returns	Adjusted gross income	Total contributions	Cash contributions		Other than cash contributions		Contributions carryover from 1964–65	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	27,005,815	$281,462,354	$9,122,491	26,724,595	$8,286,869	1,740,347	$759,848	27,773	$75,775
Under $600	21,684	8,456	2,467	21,483	2,449				
$600 under $1,000	60,013	50,012	6,858	60,013	6,848	16,044	1,412		
$1,000 under $2,000	589,670	937,898	79,886	582,250	77,937				
$2,000 under $3,000	1,109,649	2,813,202	181,018	1,100,424	178,464	35,528	2,433		
$3,000 under $4,000	1,477,324	5,182,036	254,436	1,455,261	246,609	55,786	6,540	4,814	1,973
$4,000 under $5,000	1,742,613	7,872,213	336,832	1,715,333	327,689	76,477	9,040		
$5,000 under $6,000	2,114,246	11,658,603	437,902	2,080,955	425,483	103,515	11,988	1,807	534
$6,000 under $7,000	2,439,642	15,895,523	534,245	2,416,979	519,777	119,557	12,795	4,011	2,393
$7,000 under $8,000	2,642,471	19,825,242	602,191	2,617,204	587,256	143,070	14,214		
$8,000 under $9,000	2,588,394	21,971,305	649,876	2,555,108	629,084	147,972	18,890		
$9,000 under $10,000	2,262,938	21,462,139	611,454	2,241,081	596,683	136,225	14,377	8,832	6,380
$10,000 under $15,000	6,419,746	77,184,881	2,097,925	6,363,386	2,035,531	494,514	58,272		
$15,000 under $20,000	1,818,551	30,930,441	849,340	1,808,060	817,263	185,011	29,851	1,606	2,212
$20,000 under $50,000	1,458,717	41,508,119	1,195,977	1,449,170	1,097,878	174,514	84,762	3,845	13,358
$50,000 under $100,000	208,511	13,756,051	473,411	206,853	377,957	35,975	81,758	1,599	13,703
$100,000 under $200,000	39,683	5,229,556	269,114	39,256	163,063	11,137	93,584	755	12,496
$200,000 under $500,000	9,785	2,783,532	220,532	9,631	98,267	3,916	109,335	379	12,939
$500,000 under $1,000,000	1,550	1,039,611	106,955	1,531	42,153	757	59,504	85	5,299
$1,000,000 or more	628	1,353,534	212,074	618	56,478	349	151,092	40	4,504
Returns under $5,000	5,000,953	16,863,816	861,497	4,934,764	839,996	183,835	19,425	5,617	2,076
Returns $5,000 under $10,000	12,047,691	90,812,813	2,835,668	11,911,326	2,758,283	650,340	72,264	9,226	5,120
Returns $10,000 under $15,000	6,419,746	77,184,881	2,097,925	6,363,386	2,035,531	494,514	58,272	4,621	4,084
Returns $150,000 or more	3,537,425	96,600,845	3,327,401	3,515,118	2,653,059	411,660	609,887	8,310	64,510

Mr. DOMINICK. Mr. President, will the Senator yield for a simple question?

Mr. KENNEDY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. BELLMON in the chair). The Senator from Massachusetts has 7 minutes remaining.

Mr. DOMINICK. Mr. President, is the Senator talking about the charitable contributions section of his amendment?

Mr. KENNEDY. Mr. President, I have tried in a very brief way to give a general description of the complete amendment.

The amendment that we will vote upon first will deal only with the contributions of appreciated property to colleges and universities. That would be the first amendment that we will vote on.

I think it is important to realize that the complete amendment will provide additional tax revenue of some $480 million. That would be from both parts of the amendment.

Mr. President, I ask unanimous consent that a table giving tentative revenue estimates for my amendment, as well as for three other possible floors for the amendment—$10,000, $15,000, and $20,000—be printed in the RECORD at this point. The table also indicates the number of taxpayers who would be affected by the various floors.

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

KENNEDY AMENDMENT NO. 368, MINIMUM INCOME TAX ON INDIVIDUALS, PRELIMINARY REVENUE ESTIMATES (TREASURY DEPARTMENT)

Floor	Revenue gain	EMK gain above committee bill	Number of returns affected
$5,000	$800,000,000	$480,000,000	780,000
$10,000	740,000,000	420,000,000	280,000
$15,000	710,000,000	390,000,000	185,000
$20,000	690,000,000	370,000,000	112,000

REVENUE GAIN BY EXEMPTION LEVEL

[In millions of dollars]

Tax preference	EMK			
	5,000	10,000	15,000	20,000
Capital gain	621	574	551	533
Interest for investment income	75	70	67	65
Depreciation (accelerated over straight line)	19	18	17	17
Intangible drilling and percent depletion	46	43	41	40
Rehabilitation depreciation	15	13	13	12
Appreciated property to charity	24	22	21	21
Total	800	740	710	690

Mr. JAVITS. Mr. President, what would it add in part A and what would it add in part B?

Mr. KENNEDY. Mr. President, section B would involve $24 million. Section A would involve $456 million.

Mr. MOSS. Mr. President, what is included in each section?

Mr. KENNEDY. Section B includes contributions of appreciated property as a tax preference. Section A establishes a progressive rate for the minimum tax and lowers the floor on the minimum tax from $30,000 down to $5,000.

Mr. MOSS. Mr. President, may I ask a question on these figures. Is it not true under the amendment that an individual who donates property that originally cost $1,000 and is now worth $101,000, would pay a tax of $6,625, and at the same time he would be able to deduct the entire $101,000 from his taxable income?

Mr. KENNEDY. That is correct.

Mr. MOSS. Mr. President, the way I compute it then, if he is in the 65-percent tax bracket, that would be a tax saving of about $65,000. So, even with the minimum income tax, this individual would pay about $58,000 less in income taxes that year.

Mr. KENNEDY. That would be correct.

Mr. MOSS. That would be $58,000 more in consumable income, which is not such a bad deal.

Mr. KENNEDY. That is exactly correct.

Mr. PASTORE. Mr. President, will the Senator yield for a question at that point?

Mr. KENNEDY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Massachusetts has 6 minutes remaining.

Mr. PASTORE. Mr. President, is the man not giving away $101,000 to education?

Mr. MOSS. That is true.

Mr. KENNEDY. He is giving away $101,000. However, in effect, it is really the Federal Government that is making most of that contribution. This is what the tax subsidy does. Obviously, when the Federal Government pays that kind of tax subsidy, it will have to increase the taxes on all our citizens, in order to make up the deficiency in the budget. And when the Government does so, it will apply a progressive tax at ordinary income rates on wage earners and all the rest of our people.

Mr. PASTORE. Mr. President, what will we do, end up with all State universities and put the private universities out of business?

Mr. KENNEDY. No. Quite clearly, the colleges and universities get 77 percent of their contributions today in the form of cash. Only about 18 percent of their funding comes from appreciated securities.

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

Mr. KENNEDY. I yield.

Mr. JAVITS. Mr. President, what is the source for that statement?

Mr. KENNEDY. Mr. President, the source is a study published by American Council on Education in 1968. It is a great myth that my amendment will seri-

ously reduce the flow of gifts to universities. In the past few days, I have received telegrams from a number of college presidents who actually have no understanding—and I say this with the greatest respect—of what the amendment will actually do.

The former Secretary of the Treasury, Mr. Douglas Dillon, testified before the Finance Committee on the allocation of deductions and minimum tax provisions in the House bill. His primary concern was the allocation of deductions.

He said that for a hypothetical taxpayer with large charitable contributions to be in the same position as he now is if the House bill is enacted, he would have to reduce his contributions by over 93 percent. But—and this is the important point—the allocation of deductions provision by itself would require an 87-percent reduction. Clearly, the impact of the minimum tax in the House bill on gifts to charities—as opposed to the allocation of deductions—would be very small indeed. And as the Senator is aware, there is no allocation of deductions provision in the Finance Committee bill or in my amendment.

There are many who believe that the allocation of deductions is a fair and equitable way to get at the problem of tax preferences. But I did not provide for that in my amendment. All we have here is the minimum tax.

Mr. President, the universities and colleges receive their funding mostly in cash contributions. Yet for the special few who give appreciated property, our current tax laws provides an enormous tax shelter, and the committee bill does nothing about it.

I reserve the rest of my time.

Mr. LONG. Mr. President, some of us on the Finance Committee have for years been concerned about the fact that it has been possible for someone to make money by giving something away. We have been very much concerned about the point that it was possible in years gone by for someone to give away something that is worth $1,000 and achieve a tax savings of $1,200 or $1,400.

Generally speaking, of course, one is talking about persons who are in a high-income tax bracket and who are giving away appreciated property. That is a problem to which the Senator addresses himself.

Under the bill reported by the Finance Committee, I am happy to say that we achieved everything I have been trying to do along that line for years. Under the committee bill it no longer would be mathematically possible for anybody to make anything by giving something away. He is giving something of himself when he gives something, under this bill.

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

Mr. LONG. I yield.

Mr. PASTORE. In other words, the Senator from Louisiana says that no matter what the tax break might be, the fact remains that a sacrifice in money is being made by the giver, and he is giving it to an educational institution.

Mr. LONG. The Senator is correct.

We have so carefully and completely plugged that loophole that when we started considering our minimum tax, we put it on depletion allowances and on the half of capital gains that was not taxed; we put it on all sorts of things, everything that looked as though it should bear some of this. But when we looked at the matter of appreciation in the value of an asset given to a charity or given to a college, we concluded that we had so completely plugged that loophole that if the donor wanted to give some, we should not remove whatever incentive remained. Therefore, we felt that we would not be justified in applying the limited income tax to that.

The Senator's amendment, in two parts, if it is all adopted, would, one, seek to put the minimum tax on something that we do not think ought to be taxed. After we looked at everything we thought this is one thing that should not be taxed, and we closed that loophole as completely as anyone could ask.

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

Mr. LONG. I yield.

Mr. TALMADGE. Is it not true that it would also deny this deduction for appreciated property when it is contributed to the private foundation?

Mr. LONG. That is correct.

Mr. TALMADGE. It must be given to a true public charity—that is, a hospital, a school, a church, or a museum.

Mr. LONG. Yes. The exception would be that it could be given to a private foundation for them to contribute within 1 year. Otherwise, one would not get this allowance for the appreciation, the deduction for appreciation in the value of charitable contributions.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. LONG. I will yield in a moment.

Mr. President, we have so carefully closed that loophole and everything relevant to it that this committee could not find it in its conscience to vote even the amount of 5 percent on this type of situation.

Furthermore, the Senator's amendment would go on from there and levy a graduated income tax, up to 15 percent, on something that the committee, having closed this loophole, felt should not be taxed at all.

I yield to the Senator from Nebraska.

Mr. CURTIS. Is it not true that if the amendment of the distinguished Senator from Massachusetts is adopted and someone gave a gift, say, to Boys Town, in Omaha, which represented appreciation of $200,000, in addition to parting with his property, it would cost him $21,625 in tax over existing law?

Mr. LONG. That sounds reasonable.

Mr. CURTIS. He would be taxed for giving his own money away.

Mr. LONG. Mr. President, we have removed the unlimited charitable contribution deduction. We have removed the 2-year charitable trust rule. We have removed the present favorable treatment for appreciated property in the case of ordinary income assets. We have tightened up on rules on charitable trusts, and we have tightened up on rules on deductions for use of property. So we have undertaken to tighten up wherever we thought we would be justified in tightening up on the rules regarding charitable contributions.

But in this area we feel that this would be discouraging people from giving money to universities, to charity, to museums, to institutions that tend to benefit the public generally.

Even though the Senator may be right when he says that only 18 percent of this involves contributions to universities—and I do not quarrel with him when he says that—that is a very big, important 18 percent from the point of view of anybody trying to run a private college or a private university.

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

Mr. LONG. I yield.

Mr. JAVITS. Mr. President. I have looked at the study on which the Senator from Massachusetts relies. Let us remember that he is talking about $24 million in income, so it is di minimis. So the question is the essence of his proposition.

That study is for gifts in 1962 and 1963—not current— when, according to my recollection, the market was very poor. And it is a private study. It is not a public document.

Second, we inserted in the RECORD, on October 7 at page 28944, a much later study, of 1968–69—generally speaking, the years between 1965 and 1969—from a list of colleges in the State of New York, which showed that they got $94 million in securities in those years, and that represented 46.5 percent of all gifts they received.

Inasmuch as this is di minimis, I think the Senate should lay that beside what the Senator from Massachusetts (Mr. KENNEDY) is arguing for, and I should like to identify myself with the views expressed by the Senator from Louisiana (Mr. LONG).

We are making very deep social changes here. Let us not go too fast and too far. That is why I think the amendment providing for a presidential commission is so vital, because if we are worried about this, they will look at it. We have been going on this way for 50 years. With $24 million a year, we are not going to die if it is 2 more years.

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

Mr. LONG. How much time does the Senator desire?

Mr. DOMINICK. Two minutes.

Mr. LONG. I yield 2 minutes to the Senator from Colorado.

Mr. DOMINICK. I wish to associate myself with the Senator from Louisiana and the Senator from New York. I do not understand the rationale of the amendment.

There is a theory that if someone has acquired something for $100 and its value then rises to $1,000 and he gives it away for charitable purposes, he is making a profit. He has not made a profit. He has given away the very asset that he had. If he had sold it, he would have made a profit. But if he gives it away, he does not.

So if he gives it away or if he holds onto it, he has not made a profit.

The idea that one has an unrealized profit when he gives something away simply is not the fact, because he has neither the money nor an asset. That is

what I do not understand about the theory of the amendment offered by the Senator from Massachusetts.

Mr. LONG. We were concerned about this problem until we did all the things we have done in this area. But by the time we were through, we had provided under the committee bill that someone could not make money by giving something away.

So I think there is no longer any justification for our saying that there should be any tax on the appreciated part of what someone gives to a university or a charity. Please keep in mind, with respect to the appreciated part, he cannot give it to a foundation without tax consequences unless the foundation is going to pass it on to a charity or a public charity within 1 year.

Mr. DOMINICK. I think the Committee on Finance has done a fine job of tightening loopholes. More is involved than merely the revenues the Government would realize. The revenue that would be gained for the Government would be lost to charity, to universities, and to social purposes, and with it would be lost all that money that is donated because of the tax incentive created for donating it.

It is not a tax profit to a person. It is a tax incentive, a tax saving, to encourage one to make a donation to a university or to a charity. A person who makes a donation in the nature of a gift is donating a part of that which he would have left after he had paid taxes on the transaction.

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

Mr. LONG. I yield 2 minutes to the Senator from Virginia.

Mr. BYRD of Virginia. I should like to ask the Senator from Massachusetts a question in connection with his statement that is on the desk of each Senator. On page 2 is this statement:

> The best available estimate for 1970 on the major revenue-losing amendments adopted this week is as follows:

The last item reads: "Education credit, $2.3 billion."

My understanding of the Ribicoff-Dominick amendment, which was adopted last night, is that it does not apply to 1970. It does not become effective until 1972, and would have nothing whatsoever to do with 1970.

Mr. KENNEDY. There were reports in the press this morning which estimated the loss at $2.3 billion, and I believe that the reports referred to the calendar year 1970.

Mr. BYRD of Virginia. I am not getting into the exact amount of dollars. I think the amount cited by the Senator from Massachusetts is wrong. I am not arguing that point. But I think the Senate should understand that this does not apply to 1970.

Mr. RIBICOFF. Mr. President, will the Senator yield to me?

Mr. KENNEDY. I yield.

Mr. RIBICOFF. Mr. President, the Senator from Virginia is absolutely correct. The Ribicoff-Dominick amendment goes into effect for the year 1972. The first time a revenue loss would show up would be in the tax return filed in 1973. We were most careful because of the shortfall in the Ribicoff-Dominick amendment to make sure it would not have an impact on revenue until 1973.

Mr. BYRD of Virginia. I thank the Senator.

I would like to address one further question to the Senator from Massachusetts.

The Senator spoke of 155 individuals with incomes in excess of $200,000, who paid no income tax.

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

Mr. LONG. Mr. President, I yield 1 minute to the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, I have only one more question I would like to ask.

Mr. LONG. Mr. President, how much time is remaining on both sides?

The PRESIDING OFFICER. The Senator from Massachusetts has 3 minutes remaining, and the Senator from Louisiana has 2 minutes remaining.

Mr. LONG. Mr. President, I yield 1 minute to the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, in closing the loopholes, which the Senate has been trying to do, and the Senator from Massachusetts is trying to close a further loophole, does the Senator from Massachusetts include the tax-free interest on State and municipal bonds?

Mr. KENNEDY. No, I do not.

Mr. BYRD of Virginia. If the Senator does not, then is it not possible for individuals to continue to have huge incomes and pay no taxes, even under the amendment of the Senator from Massachusetts?

Mr. KENNEDY. I did give consideration to the possibility of the inclusion of tax-free interest in this amendment as a tax preference.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KENNEDY. Mr. President, I yield myself one-half minute on my time.

We now have in the House-passed bill a Federal interest subsidy for municipal bonds. Early next session, it is likely that there will be hearings on Urbank. It seems to me that we would recognize the minimum of these hearings, which will be of major importance to State and local financing. However, if the Senator wants to add tax-free interest to my amendment, I would not object.

Mr. President, I understand I have 2½ minutes remaining.

The PRESIDING OFFICER. The Senator has 2½ minutes remaining.

Mr. KENNEDY. Mr. President, the gift of appreciated property is a tax shelter for many of the 155 Americans who paid no taxes but who had incomes of over $200,000. Many of their tax shelters came from donations of appreciated property.

The Committee on Finance closed some significant loopholes but there remains another loophole. Enormous amounts of income are involved. The loophole is still there. Now, it may be used more than ever before.

The working people of this country give a large part of the 77 percent of the cash contributions that go to colleges and universities. They, too, would like to have great halls named after them and they, too, would like to be members of boards of trustees, but they will not be able to do so. That course will be available, however, to those who can afford to take advantage of this tax shelter. Whether the year is 1962 or 1968, the fact remains that it is a tax shelter, and it will continue to be a tax shelter unless we adopt this amendment.

The people of this country who give cash to colleges and universities in America today are aware that there are other people who are dodging the payment of their justified taxes because of this huge tax shelter.

Mr. President, this is a very modest proposition. The statistics indicate that the overwhelming majority of our colleges and universities do not depend on the appreciated value of these donations. Their lifeblood comes in cash contributions. Although a few selected universities receive a more substantial portion of their contributions—occasionally even more than 50 percent—in appreciated property, the fact is that the vast majority of our universities and colleges depend on cash gifts. These great centers of learning talk about fairness, equity, and liberalism, but not when their own tax shelters are involved.

Mr. JAVITS. Would the Senator like to have an authoritative fact on that?

Mr. KENNEDY. I do not have any time remaining.

The PRESIDING OFFICER. The Senator from Louisiana has 1 minute remaining.

Mr. LONG. Mr. President, if the Senator can convince me at some point in the future a person can still make money by giving money away I would be glad to hear about it. I have been opposing gifts to charity as a tax avoidance device for many years and I am still opposing it. But we closed that loophole. Under the committee's bill there is no way one can make money by giving it to universities, colleges, or anyone. If we follow the course of this amendment we will discourage people from giving to colleges and universities. I do not think the Senate wants to do that.

Mr. DOMINICK. Mr. President, will the Senator yield 30 seconds for a unanimous-consent request?

Mr. PASTORE. Mr. President, reserving the right to object, How much time does the Senator request?

Mr. DOMINICK. Thirty seconds.

The PRESIDING OFFICER. The Senator is recognized.

Mr. DOMINICK. Mr. President, I ask unanimous consent to have printed in the RECORD a table sent to me by the president of Yale University which shows seven colleges in Massachusetts received from 24 to 92 percent of their total gifts from individuals in 1968–69 in the form of securities rather than cash.

Mr. KENNEDY. Mr. President, will the Senator permit me to introduce that table since it is for my State.

Mr. DOMINICK. It covers other States as well.

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

LEVEL OF SECURITIES GIVING BY INDIVIDUALS TO SELECTED COLLEGES

Institution	Years involved	Value of securities donated by individuals	Ratio of securities to total gifts from individuals (percent)
California:			
Mills	1966-69	$1,659,000	55
Santa Clara	1967-69	143,000	6
Stanford	1966-69	9,037,000	52
USC	1966-69	6,100,000	54
USF	1966-69	130,000	10
Connecticut:			
Connecticut College	1966-69	640,768	27
Hartford College	1966-69	149,491	34
New Haven College	1966-69	52,204	58
Trinity College	1966-69	2,867,109	35
University of Hartford	1966-69	1,156,944	49
Wesleyan University	1968-69	1,150,000	50
Yale University	1967-68	13,243,788	69
Massachusetts:			
Boston College	1968-69	450,000	39
Brandeis University	1968-69	12,600,000	50
Harvard University	1968-69	15,900,000	68
Holy Cross	1968-69	221,130	24
M.I.T.	1968-69	2,170,000	70
Smith College	1968-69	2,884,563	46
Wentworth Institute	1968-69	502,208	92
Pennsylvania:			
Haverford	1966-69	3,545,000	71
Juniata	1968-69	243,000	53
Lehigh	1966-69	7,930,000	46
Pennsylvania	1966-69	16,600,000	53
Philadelphia College of Pharmacy	1966-69	3,700,000	80
Swarthmore	1966-69	2,061,000	43

Mr. BROOKE. Mr. President, I am disturbed by the inclusion of gifts of appreciated property to charity under the minimum income tax proposed by this amendment. I believe that this addition offers significant problems for our Nation's colleges and universities.

The Senate Finance Committee stated in its report that it did not consider it wise to include gifts of appreciated property under the 5 percent minimum tax provision, as the bill reported from the committee contains a number of other provisions directly aimed at curtailing the tax advantages resulting from such gifts. The principal effect of including gifts of appreciated property in the minimum tax is to reduce the benefit of the contribution and thereby further and unduly restrict the support of worthwhile public charitable institutions.

It has been suggested that this provision of amendment No. 368 still retains a large incentive for gifts of appreciated property to charity. A person would still have a choice of either giving the property to charity and being taxed on the amount of the appreciated value at a rate not to exceed 15 percent or selling this property and pay the capital gain tax, which could be as high as 45 percent. In essence, the incentive would lie in the difference between the minimum tax proposed in this amendment and the new capital gain rate. It is assumed that one would choose the option offering the lower rate of taxation. However, many donors may choose not to subject themselves to such taxation at either rate and may simply pass the property to their heirs. As a result, I believe much property that might otherwise go to charity would be withheld by a prospective donor.

To many charitable institutions, the uncertainty already engendered by this bill has been evident in a decline in donations that they might otherwise receive. As with the municipal bond market, when taxation of municipal bond interest had been considered, charitable giving is now suffering from damaging uncertainty. In effect, the incentive to give is already adversely affected by its tax status. I would hope that the Senate would do nothing to add to this deleterious situation.

For many months now, I have been working with academic institutions in Massachusetts to identify problem areas in this legislation. Our colleagues on the Finance Committee have remedied a number of serious defects in the House version of this bill, which would surely have reduced the access of these institutions to important sources of private contributions. It would be most adverse to add this provision to the bill, for it would undermine important incentives for private support of our colleges and universities.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to section (b) of the amendment of the Senator from Massachusetts.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Mr. President, the vote now occurs solely on the part of the amendment which relates to appreciated property; is that correct?

The PRESIDING OFFICER. The vote covers only lines 3 through 12 on page 3 of amendment 368; and covers only the appreciation of value of contributions.

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 Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Georgia (Mr. RUSSELL), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON), the Senator from Maryland (Mr. TYDINGS), the Senator from Texas (Mr. YARBOROUGH), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH) and the Senator from Nevada (Mr. CANNON) are absent on official business.

I further announce that, if present and voting, the Senator from Arkansas (Mr. FULBRIGHT) and the Senator from Mississippi (Mr. STENNIS) would each vote "nay."

On this vote, the Senator from Nevada (Mr. CANNON) is paired with the Senator from Louisiana (Mr. ELLENDER).

If present and voting, the Senator from Nevada would vote "yea" and the Senator from Louisiana would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK), the Senator from California (Mr. MURPHY), the Senator from Ohio (Mr. SAXBE), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from California (Mr. MURPHY) would each vote "nay."

The result was announced—yeas 16, nays 63, as follows:

[No. 185 Leg.]

YEAS—16

Aiken	Inouye	Moss
Burdick	Kennedy	Proxmire
Dodd	Magnuson	Stevens
Eagleton	Mansfield	Williams, Del.
Hart	McGovern	
Hughes	Metcalf	

NAYS—63

Allen	Fong	Montoya
Allott	Goodell	Muskie
Baker	Griffin	Nelson
Bellmon	Gurney	Packwood
Bennett	Hansen	Pastore
Bible	Harris	Pearson
Boggs	Hartke	Pell
Brooke	Hatfield	Percy
Byrd, Va.	Holland	Prouty
Byrd, W. Va.	Hollings	Randolph
Case	Hruska	Ribicoff
Church	Jackson	Schweiker
Cooper	Javits	Scott
Cotton	Jordan, N.C.	Smith, Maine
Cranston	Jordan, Idaho	Sparkman
Curtis	Long	Spong
Dole	Mathias	Talmadge
Dominick	McGee	Thurmond
Eastland	McIntyre	Tower
Ervin	Miller	Williams, N.J.
Fannin	Mondale	Young, N. Dak.

NOT VOTING—21

Anderson	Gore	Saxbe
Bayh	Gravel	Smith, Ill.
Cannon	McCarthy	Stennis
Cook	McClellan	Symington
Ellender	Mundt	Tydings
Fulbright	Murphy	Yarborough
Goldwater	Russell	Young, Ohio

So section B of Mr. KENNEDY's amendment was rejected.

LEAVE OF ABSENCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may be excused from attendance on the Senate, for personal reasons, for the rest of the day.

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

TAX REFORM ACT OF 1969

The Senate continued with the consideration of the bill (H.R. 13270), the Tax Reform Act of 1969.

Mr. KENNEDY. Mr. President, if Senators will remain, I think we will take only a few minutes to discuss the other provision.

The PRESIDING OFFICER. Under the previous agreement, time is divided.

Mr. KENNEDY. Mr. President, in the committee bill some nine different areas of tax preference are defined. Three of the most significant are the excluded half of capital gains, excessive depreciation on real estate, appreciated property given to charity, and percentage depletion.

We have just voted not to include appreciated property given to charity as a tax preference; but as to the others, the

Finance Committee adopted a minimum tax of 5 percent.

The thrust of the part of amendment No. 368 which remains is that we should have a progressive minimum tax on all income from tax shelters. These shelters have been recognized and identified by the Senate Finance Committee. A 5-percent minimum income tax on individuals has been provided. A 5-percent tax has been applied on corporations.

The thrust of this part of my amendment is to provide that the tax which is applied to individuals will be progressive in nature. It also provides that there will be a lowering of the floor to $5,000, rather than the $30,000 floor that the committee bill established.

Mr. JAVITS. Mr. President, will the Senator yield for a factual question?

Mr. KENNEDY. I yield.

Mr. JAVITS. Would this amendment not raise the capital gains tax?

Mr. KENNEDY. It would, in effect, raise the capital gains tax. The committee bill does that also. This amendment, in effect, recognizes capital gains as an area of tax preference, and subjects it to the minimum tax along with all the other tax loophole income.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield for a moment?

Mr. KENNEDY. I yield.

Mr. WILLIAMS of Delaware. As I understand the amendment it would raise the top capital gains rate to 42½ percent. Is that correct?

Mr. KENNEDY. Yes.

Mr. WILLIAMS of Delaware. The committee proposed to raise it to 35 percent, the Gore amendment raised it to 37½ percent, and the amendment of the Senator raises it to 42½ percent.

Mr. KENNEDY. That is correct. The top rate for capital gains would be 42½ percent for the highest bracket taxpayers. Their ordinary income tax rate is 70 percent. My amendment still keeps a major tax preference for capital gains.

Mr. President, adoption of this provision would add $456 million in new revenues to the Treasury, above the revenue gained by the committee bill. It provides a tax that is progressive in nature for these major tax preferences. It also lowers the floor for the minimum tax to $5,000. I think it is an important and useful amendment.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I yield.

Mr. PASTORE. I merely want to applaud this phase of the amendment. While I opposed the other part of the amendment, I will support this one.

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

Mr. KENNEDY. I yield.

Mr. PELL. I am confused about one thing. I intend to support the amendment, but I do not think the capital gains tax should be increased further. I am all for increasing income taxes, but capital, to my mind, should have mobility.

How does this amendment increase the capital gains tax? Will the Senator explain that?

Mr. KENNEDY. Yes. Under present law, the maximum rate of tax for capital gains tax is 25 percent. Under the present bill, the rate is increased, so that the highest income taxpayers would pay a 35-percent rate. If the Senator is talking about someone at the highest level of income who has had a capital gain, he would be paying a 35-percent tax on his gain, and my amendment would add 7½ percent additional minimum tax. We must remember, though, that if he had ordinary income, he would pay tax at a 70-percent rate.

If what the Senator is talking about is the lowest income factory worker or wage earner who has a small capital gain, he probably would not be affected by the minimum tax at all. It affects only the capital gains of taxpayers with large amounts of tax preferences—with capital gains of hundreds of thousands or even millions of dollars.

The capital gain of a person who sold his house in shifting jobs probably would not even be included in the minimum tax, because the minimum tax does not start until the tax preference is $5,000, and then it is only 2½ percent in the first step. Thus, it would be a true progressive tax.

The essence and thrust of this amendment is not to extend the minimum tax to the lower-, or even the middle-income family or wage earner that has realized a small capital gain, but to provide a progressive tax for those having huge tax shelters.

Mr. PELL. What portion of the revenue received from capital gains taxes will be increased by this measure?

Mr. KENNEDY. I will have to answer that in a moment.

Mr. PELL. Perhaps the chairman of the committee can answer that.

Mr. KENNEDY. Would the Senator restate his question?

Mr. PELL. What is the percentage?

Mr. KENNEDY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. JORDAN of Idaho in the chair). The Senator has only used 5 minutes.

Mr. KENNEDY. What is the Senator's question?

Mr. PELL. The question is, Of the revenue received as a result of the capital gains tax, what percentage of it would be affected by the Senator's amendment?

Mr. KENNEDY. Under our amendment, $800 million would be gained from the minimum tax.

Mr. PELL. And how much of that comes in from the capital gains tax?

Mr. KENNEDY. It is $621 million.

Mr. PELL. Could I ask the Senator from Louisiana that question?

Mr. LONG. I do not have it.

Mr. PELL. I think we have to have that information to judge this amendment intelligently.

Mr. KENNEDY. I do not know the total amount of the capital gains tax the Treasury receives.

Mr. PELL. If it is significant, then the principle of the Senator's amendment is excellent. If it is not, the amendment would do more harm than good.

Mr. LONG. On the individual level, the biggest item in capital gains, but there are others. I cannot tell the Senator the exact amount. That is the largest item in individual taxes to which the amendment would apply. The Senator's 5-percent tax on corporations would be the same as that in the committee bill, so there would be no difference there, as I see it.

Mr. PELL. But would the capital gains increase to 42 percent affect a major portion of the capital gains taxes that are paid, or a minor portion? That is my question.

Mr. LONG. In terms of dollars, it would be an important part of the total, but not in terms of the number of taxpayers who would be paying it.

Mr. PELL. More than half, or less than half?

Mr. LONG. In terms of dollars, more than half.

Mr. PELL. More than half the capital gains tax returns, then, would go up?

Mr. LONG. No, in terms of people, the higher tax rates on capital gains would apply to a small fraction of people with capital gains. In terms of dollars, more than half of the capital gains would be subject to the higher rates.

So it depends on whether the Senator is talking about numbers of people or numbers of dollars affected by the higher rates.

Mr. KENNEDY. On the question of capital gains which is affected by this amendment, I think it is important to realize that by providing the progressive feature of this amendment, the first $5,000 would be excluded, and it would provide a tax of only 2.5 percent for amounts from $5,000 to $30,000.

Then, from $30,000 to $50,000, it goes up to 5 percent. From $50,000 to $100,000, the tax is 10 percent. Only for amounts over $100,000, do we get to the figure the junior Senator from Rhode Island has described as being 42½ percent.

So what we are trying to build into the bill with that amendment is that the capital gains realized by the lower middle-income or even the upper middle-income taxpayers will not be greatly affected. This amendment is designed to reach the highest bracket taxpayers with huge tax preferences.

Mr. PASTORE. Mr. President, will the Senator yield to the senior Senator from Rhode Island?

Mr. KENNEDY. I yield.

Mr. PASTORE. Insofar as the 6-month period is concerned, as reported out by the Committee on Finance, we are not disturbing that at all?

Mr. KENNEDY. We are not.

Mr. PASTORE. I thank the Senator.

Mr. LONG. Mr. President, the Senate Finance Committee arrived at a 5-percent figure for the so-called supertax because it was felt that at this rate, which is a reasonable rate, taxpayers should not be too greatly concerned about the additional tax burden.

I must say that since we did that, I have discovered there is a lot of concern about it among those who would be paying the tax. But the Senator has done a number of additional things with his amendment that would make this a much less palatable proposal than that of the Finance Committee.

In the first instance, the proposal of Committee on Finance would not affect

the average citizen, in that we would allow him of up to $30,000 tax privileges on such things as capital gains, excess investment interest deductions, accelerated depreciation on real property, and tax benefits on stock options.

The Senator would drop that $30,000 level down, however, and make the tax applicable to any person who had a capital gain or some other tax preference of $5,000 or more.

Now, when we talk about a $5,000 level, we are talking about a great number of little people who have sold a piece of real estate, or sold some stock, or sold something that has been in the family a number of years. Even though the Senator would only tax these little people at a 2.5-percent rate, I have discovered that there is no tax that is really popular, and any time you start taxing those people, even at 2.5 percent, they are not going to like it.

Then, under the Senator's proposal at the $30,000 level, the tax rate would go up to 5 percent; at the $50,000 level, to a 10-percent rate; and at the $100,000, to a 15-percent rate. That would mean that a person in the highest tax bracket who along with significant other preferences had a capital gain of $100,000, would pay tax at a 42.5-percent rate on the untaxed part of his capital gain: he would be paying a 70-percent regular tax on half of it, and a 15-percent tax on the other half, and that works out to a 42.5-percent tax on capital gains.

Mr. President, a lot of these capital gains are really not a profit at all. The regular taxes on these capital gains, the graduated tax on them and which the Senator would add are really a penalty the Government levies on the citizens for the failure of the Government to maintain the purchasing power of its money.

Let me illustrate the point. Many people have assets that have been in the family for at least 30 years, where the purchasing power of the dollar at the time the asset was acquired was twice what it is today. So, today, one might sell something for $200,000 for which he paid, at the time it was acquired 30 years ago, perhaps $100,000. Thus, it really is worth no more today, in terms of constant dollars, than it was 30 years ago. The only reason a profit results is because the dollar will not buy what it would buy 30 years before. So in many cases, there has been no real gain.

In other words, in many instances a capital gains tax is a tax on a gain that in real terms does not exist at all. In many instances, it is really only a penalty on the citizen for failure of the Government to have maintained a level purchasing power, and to have maintained the value of its currency.

Now the Senator wants, in addition to all the additional taxes we have put on, in addition to raising the rates on capital gains, in addition to putting a minimum tax on the portion of gains that was previously untaxed, to come along and put a graduated income tax on this and all the other preference items.

I say, Mr. President, that this type of graduated income tax on top of a graduated income tax will be a very unpopular and, I believe, a very unfair thing. If the idea catches on, as well it might, I assume it will not stop there; I assume eventually we would have a graduated income tax up to 70 percent on capital gains as well as on various and sundry other items. Why not go all the way with it?

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

Mr. LONG. I yield.

Mr. RIBICOFF. Mr. President, is it not a fact that when we agreed to the Gore amendment we provided for about $100 million more in the amount received from capital gains than we would have received if the committee position had prevailed?

Mr. KENNEDY. It could be that much. I do not know how much it is. But, the rates under the Gore amendment are the same as the rates under existing law.

Mr. RIBICOFF. Mr. President, I was talking to the distinguished Senator from Delaware (Mr. WILLIAMS), and he said it was about $100 million.

Mr. LONG. That sounds correct.

Mr. RIBICOFF. In other words, the Gore amendment charges those who have capital gains an additional $100 million, approximately.

Mr. LONG. The Senator is correct.

Mr. President, I only have about 5 minutes remaining.

Mr. RIBICOFF. Mr. President, I think this point will clarify the position of the Senator.

The Kennedy amendment applies to the capital gains of individuals. But the committee amendment applies to the capital gains of corporations. There is a disproportionate amount that an individual would have to pay. Under the Kennedy amendment, he would have to pay a higher capital gain tax than a corporation.

Mr. LONG. The Senator is correct. The individual would pay under the Kennedy proposal about three times as much as a corporation. I find that very difficult to justify.

Mr. President, I reserve the remainder of my time.

Mr. KENNEDY. Mr. President, either we are serious in the Senate about trying to make the tax laws apply fairly to all the taxpayers of the country and have it function equitably, or we are not.

We in Congress can establish progressive tax rates, and we should do so for the minimum tax. The person who receives a salary every week and has a part of it withheld knows how heavily he is taxed, and he wants tax justice.

When tax time comes around, he can look at the figures and see what his rate is. Those in the middle-income brackets know what they will be charged. They know the tax rate they will pay.

Everyone knows the rates and expects that everyone else will have to abide by them. When a person sees that an executive makes $100,000, he supposes that man will have to pay the rate established by Congress of 70 percent. But no; we have written into the laws a variety of tax shelters. A person who realizes a capital gain of $100,000 is taxed at a 35-percent rate and not a 70-percent rate.

So what we are trying to do here is to say that we know there is a tax shelter. If it is a large gain, the wealthy taxpayer will realize hundreds of thousands of dollars and he ought to be willing to pay a modest and progressive tax.

The 5-percent committee tax is only a slap on the wrist for people who have huge tax shelters. We are asking the American people to pay a fair tax. What we are trying to do in the Congress is to have a tax system which is progressive.

We all realize that there are tax shelters. And we fail to meet our obligations if we do not try to enact a progressive tax measure. If we fail, we will be doing the country a disservice.

All over this country, American taxpayers are becoming wiser. They see individual after individual taking advantage of tax loopholes. Can we tell them that we have raised the tax by only 5 percent on those individuals?

Why do we not try to provide some tax advantages for those who are on fixed salaries, and for the working people of the country? Why do we not start to give them some tax advantages?

My amendment establishes a simple progressive minimum tax. Those who realize only a small advantage from the various tax shelters which already exist—up to $5,000—will not be taxed at all. If their tax shelters are worth from $5,000 to $30,000, we add only a 2.5-percent tax. However, we add 15 percent for those who have more than $100,000 in tax shelters.

I think that a progressive tax is vital to the minimum tax, and is entirely consistent with the philosophy of our revenue laws.

Mr. President, I hope that the amendment will be agreed to.

Mr. LONG. Mr. President, in the committee bill we have raised taxes by $6 billion on individuals and corporations who were regarded as being favored in one respect or another.

The Senate has seen fit to trim that figure down for us by several hundreds of millions of dollars. But even so, there is still about $5,300,000,000 that we have raised.

I voted not to trim it down, but to gain even more revenue. I voted for the Tydings amendment that would have raised it another $2.2 billion by providing a carryover basis for a decedent's assets.

I wanted to vote to tax foundations not just on one-fifth of 1 percent of investment assets but on 7½ percent of investment income after they were in existence for 40 years. We would have achieved $3 billion of additional tax increases beyond the $6 billion reported by the committee.

However, this amendment involves a tax of $480 million on top of other taxes involved here which cannot be justified because in a great many cases this involves a graduated income tax on profits that do not exist at all except in a bookkeeping sense.

I do not think it can be justified, Mr. President, and I predict that if Congress wants to go down this road we will be killing incentives by imposing a graduated income tax on transactions which in real terms produce no profit at all. The item sold is no more valuable in terms of purchasing power than it was when acquired. But because the person had it a

long time, it is more valuable in terms of inflated dollars and the amendment levies a 42.5-percent tax on these capital gains, while a country such as Canada has no capital gains tax. This tax would tend to chase money from this country and would penalize people unfairly when they had made no gain at all. This tax would merely increase a penalty on citizens because of the Government's inability to maintain a stable value for its currency.

Mr. PELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PELL. Could this amendment be divided to take out, separately, the capital gains portion of it? If so, I would demand such a provision.

The PRESIDING OFFICER (Mr. JORDAN of Idaho in the chair). The Senator could move, when all time had expired, to strike it out; but under the circumstances, this agreement was entered into by unanimous consent.

Mr. KENNEDY. Mr. President, I will object, if that is within my rights.

Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Massachusetts has 2 minutes remaining.

Mr. KENNEDY. I would merely say, in closing, that a little more than a year ago a taxpayers' revolt began in this country because the taxpayers did not believe that the system we have was really fair, equitable, and progressive.

The purpose of my amendment is to provide what I consider to be a reasonable, modest, and progressive feature to fill in the various tax shelters, some of which have been filled by the Committee on Finance, and others of which have not.

Are we really serious about providing our tax system with a progressive nature? Are we really interested in a revenue gain of $456 million. Are we really serious about the minimum tax?

I hope the Senate will agree to the amendment.

Mr. JAVITS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Louisiana has 4 minutes remaining.

Mr. LONG. I had agreed to yield 2 minutes to the Senator from Florida.

Mr. JAVITS. I should like 1 minute.

Mr. HOLLAND. Mr. President, one feature which I fail to understand is the disparity between the extra tax levied on tax preference income of individuals and that levied on corporations; under the pending amendment. This tax on individuals, after $50,000, is 10 percent, and after $100,000 is 15 percent, and this applies either to single persons or to the married persons filing separate returns. I note, however, that as to corporations, the extra tax levied on preference income is only 5 percent and it does not exceed that amount. Corporations, of course, can make capital gains and other preference items amounting to very large gains, up in the millions.

How does the distinguished Senator from Massachusetts justify levying only 5 percent of these preference taxes on corporations and at the same time levying 15 percent on individuals? I do not see the justification, and if there is a justification, I ask the Senator from Massachusetts to state it for the RECORD.

Mr. KENNEDY. I thought the Senator from Louisiana had yielded time. I was checking on the parliamentary situation. I did not hear the question.

Mr. LONG. The Senator from Florida wants to know how the Senator from Massachusetts justifies a 5-percent rate for corporations and a 15-percent rate for individuals.

Mr. KENNEDY. There is a distinction. We are already taxing the corporations at a flat rate, and the flat 5-percent committee rate is appropriate in corporations. More important, the minimum tax is really a tax that is most appropriate for individuals. It is individuals who actually enjoy the use of tax shelters. Corporations must distribute their income from tax preferences to their stockholders before the income can really be enjoyed. And when the income is distributed by the corporation, it is usually taxed to the stockholder at ordinary income rates.

Mr. HOLLAND. Mr. President, having in mind the very high level of capital gains which can be had by corporations and the very high level of other preference taxes, I see no justice at all in putting the level of extra taxes at 15 percent on individuals and at 5 percent only on corporations.

Mr. JAVITS. Mr. President, will the Senator yield me 1 minute?

Mr. LONG. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Louisiana has 3 minutes remaining.

Mr. LONG. I yield 2 minutes to the Senator from New York.

Mr. JAVITS. Mr. President, I should like the attention of the Senate, briefly.

There is a case—I would like to agree with the Senator from Massachusetts (Mr. KENNEDY)—for some kind of progressive tax for those items which really represent special exemptions under the law. If his amendment is adopted, that is it. But if the amendment is rejected, I hope he will devote himself to that point, because I cannot agree, and I think many other Members of the Senate cannot agree, with the way he handles capital gains.

First, there is no progressive tax on capital gains. It is a flat tax.

Second, many countries do not have a capital gains tax, precisely to encourage capital venture.

Third, the Gore amendment already has put the tax up very materially.

I wanted to vote for this amendment. I would like to vote for some amendment like it, but I do not feel I can unless we can articulate the problem of capital gains, somehow exclude it, and also find out what it does financially, and what are the balances in the proposition which the Senator from Massachusetts is making.

I make the basic point that capital gains are not basically a tax loophole. We do it because we want to encourage a certain kind of risk taking. Second, it never has been a graduated tax. It always has been a flat tax, and I do not think it belongs in this particular approach.

Mr. LONG. Mr. President, under the proposal of the Senator from Massachsetts, he would tax interest expense. That is not interest income. This minimum tax applies to an interest expense insofar as it exceeds investment income. In voting so, we thought that at a 5-percent rate we could justify taxing an interest expense. In his amendment, the Senator is proposing putting a 15-percent tax on an interest expense. I find this difficult to justify.

SEVERAL SENATORS. Vote! Vote!

Mr. KENNEDY. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator from Massachusetts has 1 minute remaining.

Mr. KENNEDY. I yield myself 1 minute.

Mr. President, the Finance Committee bill provides a tax on the interest for investment income. The revenue gain from this provision is very small—$75 million—it is incidental.

Either we believe in a progressive income tax, or we do not. As I said earlier, the people of this country expect that we do. This amendment incorporates a progressive feature in an important new concept in our tax laws—the minimum tax. My amendment affects many aspects of our tax system that today are considered unfair tax shelters. It will not affect the middle- or low-income person who is going to realize gains under even a minimum tax amendment.

The PRESIDING OFFICER. All time on the amendment has expired.

The question is on agreeing to the second section of the amendment of the Senator from Massachusetts. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HUGHES (when his name was called). Mr. President, on this vote I have a pair with the Senator from Louisiana (Mr. ELLENDER). If he were present he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. BYRD of West Virginia (after having voted in the negative). Mr. President, I have a pair with the distinguished majority leader, the Senator from Montana (Mr. MANSFIELD). If he were present and voting he would vote "yea." I have already voted in the negative. If I were permitted to vote I would vote "nay." Therefore, I withdraw my vote.

Mr. KENNEDY. I announce that the Senator from New Mexico (Mr. ANDERSON), the Senator from Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from Montana (Mr. MANSFIELD), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. Mc-

CLELLAN), the Senator from Georgia (Mr. RUSSELL), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON), the Senator from Texas (Mr. YARBOROUGH), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH) and the Senator from Nevada (Mr. CANNON) are absent on official business.

On this vote, the Senator from Nevada (Mr. CANNON) is paired with the Senator from Mississippi (Mr. STENNIS). If present and voting, the Senator from Nevada would vote "yea" and the Senator from Mississippi would vote "nay."

I further announce that, if present and voting, the Senator from Arkansas (Mr. FULBRIGHT) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Kentucky (Mr. COOK), the Senator from California (Mr. MURPHY), the Senator from Ohio (Mr. SAXBE), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

If present and voting, the Senator from Arizona (Mr. GOLDWATER) and the Senator from California (Mr. MURPHY) would each vote "nay."

The result was announced—yeas 24, nays 52, as follows:

[No. 186 Leg.]

YEAS—24

Church	Jackson	Muskie
Cranston	Kennedy	Nelson
Dodd	Magnuson	Pastore
Eagleton	McGovern	Proxmire
Harris	McIntyre	Ribicoff
Hart	Metcalf	Spong
Hartke	Mondale	Tydings
Inouye	Moss	Williams, N.J.

NAYS—52

Aiken	Fannin	Packwood
Allen	Fong	Pearson
Allott	Goodell	Pell
Bellmon	Griffin	Percy
Bennett	Gurney	Prouty
Bible	Hansen	Randolph
Boggs	Hatfield	Schweiker
Brooke	Holland	Scott
Burdick	Hollings	Smith, Maine
Byrd, Va.	Hruska	Sparkman
Case	Javits	Stevens
Cooper	Jordan, N.C.	Talmadge
Cotton	Jordan, Idaho	Thurmond
Curtis	Long	Tower
Dole	Mathias	Williams, Del.
Dominick	McGee	Young, N. Dak.
Eastland	Miller	
Ervin	Montoya	

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Hughes, for.
Byrd of West Virginia, against.

NOT VOTING—22

Anderson	Gore	Saxbe
Baker	Gravel	Smith, Ill.
Bayh	Mansfield	Stennis
Cannon	McCarthy	Symington
Cook	McClellan	Yarborough
Ellender	Mundt	Young, Ohio
Fulbright	Murphy	
Goldwater	Russell	

So section A of Mr. KENNEDY's amendment (No. 368) was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KENNEDY. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

PROGRAM

Mr. LONG. Mr. President, I am seeking to locate the majority leader. It was my understanding earlier in the day that at the conclusion of this vote the Senate would turn to the consideration of certain appropriation measures and that we would then resume the consideration of the tax bill when the Senate convenes on Monday.

I would like to ask the acting majority leader if this is his understanding.

Mr. KENNEDY. Mr. President, the majority leader had business out of the city and has been officially excused. He was hopeful we would continue and act on additional amendments as long as any were offered. He also indicated he was hopeful we could take up the military construction bill when there were no further amendments to the tax reform bill.

It would be my hope that, consistent with the majority leader's intention, we try to dispose of some additional amendments to the tax bill this afternoon.

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

Mr. KENNEDY. I yield.

Mr. BIBLE. Mr. President, it is my understanding that the majority leader desired to move forward on as many amendments to the tax bill as we could, and then, at the end of that deliberation to lay down the military construction bill with the understanding that we would, if possible, get to third reading. If there were amendments, obviously they would go over until Monday for rollcall votes. In addition, there would be a rollcall vote on final passage. If we get to third reading, we would go over to Monday and have the military construction bill, in the hope that we could get third reading on that today.

Mr. LONG. Mr. President, as far as this Senator is concerned, we might as well proceed as long as Senators want to, but I doubt very much that we will reach the third reading of the bill today.

That being the case, I think we might just as well proceed to the consideration of the appropriation measure.

Mr. SCOTT. Mr. President, it would be my hope, also, after some discussion with the majority leader and with the acting majority leader, that we could go over now, temporarily, to the military construction bill, with the hope of reaching at least the third reading tonight on that bill.

Mr. KENNEDY. I wonder whether it would be possible now, to try to get a unanimous-consent agreement to a 1-hour limitation on any additional amendments to the tax bill. I have mentioned this to the minority leader just now, and also to the chairman of the Finance Committee. If we could make that decision, we could move forthwith to the military construction appropriation bill and, it is hoped, finish the tax bill in the early part of next week.

Mr. HRUSKA. Does the Senator mean a blanket agreement to limit debate on all amendments?

Mr. KENNEDY. On all amendments.

Mr. HRUSKA. Mr. President, reserving the right to object—and I think I shall—just because this will be the 14th day of debate instead of the first day of debate, that does not mean that the gravity, seriousness, and scope of the tax bill should not continue to have full and complete debate. Many amendments are pending, and if some of them are called up, I believe they will be found to be in the same category as amendments that have been considered heretofore and on which it was not considered desirable to have a limitation of debate.

Mr. KENNEDY. We have had many limitations on debate on other amendments. The suggestion of the leadership has been that if there were additional amendments, which Senators desired to offer today we would proceed with them this afternoon. We were trying to reach some degree of comity and understanding. Especially we might remember the urging of the President, who has talked about this measure and has suggested the possibility of our coming back during the Christmas holidays at his request. Certainly we would like to continue with this measure today.

Mr. HRUSKA. May I suggest that the President also, in that same message, called for fiscally responsible tax legislation. If we are going to accord 1 hour's worth of debate on an amendment which should have 3 or 4 hours, I do not see how we can inject fiscal responsibility into it. This morning's proceedings are an example of it. The junior Senator from Montana (Mr. METCALF) proposed an amendment on which we did not spend 1 hour but 4 hours. I would be precluded from doing that if an amendment of that type were submitted between now and next Wednesday.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. I yield.

Mr. WILLIAMS of Delaware. There are a number of amendments. I am confident that we can continue on the tax bill right on through today. If we do not finish it today, then we will continue on Monday next. But I understand the leadership wanted to lay the tax bill aside in order to proceed with the appropriation bill on military construction. If I am wrong, I am sorry, but that is what I understood. I am willing to do either—work on the tax bill or on the appropriation bill.

Mr. KENNEDY. The instructions that I had from the majority leader clearly stated that we should continue voting on the tax bill this afternoon so long as amendments were called up. It says here, in a memorandum the Senator from Montana wrote to me: "Make it clear to our colleagues during my absence that the important thing is to keep the ball rolling as long as we can."

Mr. WILLIAMS of Delaware. I understood that the leadership was concerned that we get the appropriation bill rolling. Hopefully, we can do that, as indicated; otherwise, we can stay and work on the tax bill. It should be our intention to remain and consider all amendments. I am trying to find out what the leadership wants to do now.

Mr. KENNEDY. The leadership would like to know if there are any amendments now to the tax bill; and if there are any amendments now which any Senator is prepared to move on, they

should be called up. It would be tne hope of the leadership that we would continue with those amendments, with the expectation that we would take up the military construction appropriations bill later today after there were no more Senators ready to move on amendments to the tax bill.

Mr. SCOTT. May I ask the Senator from Massachusetts whether the majority leader made a distinction, if there is one, as to whether he was talking about noncontroversial amendments on which rollcalls would be expected.

Mr. KENNEDY. No. It is hoped that we could continue as long as there were Members of this body who had amendments and who were prepared to debate them this afternoon. That was the parting suggestion of the leader, with which I agree. Then we could take up the military construction bill after Senators have concluded offering amendments this afternoon.

Mr. HANSEN. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. I yield.

Mr. HANSEN. I have prepared two, maybe three amendments and I am certain they are noncontroversial, if everyone will be reasonable. [Laughter.]

Mr. KENNEDY. The Senator from Michigan (Mr. HART) has some amendments.

Mr. HART. Mr. President, reserving the right to object, if there is need, in order to test what is desired with respect to proceeding as the majority leader suggested, I am prepared to call up an amendment which, as its author, I can assure everyone makes good sense. Its number is 314 and it seeks to go beyond the position the committee has taken with respect to deductibility of penalties paid under trust judgments. I am prepared to discuss it briefly at this time. It really has a limited fiscal implication. It is more a question of philosophy. I would be pleased to bring it up under a limitation of debate.

Mr. KENNEDY. Obviously there are amendments which are prepared for consideration.

Mr. WILLIAMS of Delaware. There is no question that there are plenty of amendments. I had only reluctantly agreed to what I thought was the majority leader's request that later today we would set the tax bill aside and consider the military construction bill. If I have misunderstood, then we will proceed with the tax bill and just let the military construction appropriation bill go over until next week.

Personally, I would rather complete the tax bill today, or on Monday or Tuesday next, before we take up other business. But I was willing to accommodate the majority leader. Apparently, from what I gather from the Senator from Massachusetts, I must have misunderstood the majority leader. Thus I say, let us proceed with the tax bill.

Mr. KENNEDY. Mr. President, I am delighted to state the majority leader's position, and that is to continue voting on the tax bill throughout the afternoon, and in the late afternoon take up the military construction appropriation bill. I do not consider the 4:30 o'clock p.m. period to be late afternoon. There have been Members of the Senate who have indicated that they have amendments. Therefore, it is my suggestion now that we continue with those amendments and take up the military construction appropriation bill after that.

Mr. WILLIAMS of Delaware. I want to thank the acting majority leader. I pledge him my support. Let us proceed with the tax bill.

Mr. BENNETT. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. I yield.

Mr. BENNETT. Does the leadership know whether there will be any serious amendments to the military construction bill, or will that get bogged down, too?

Mr. KENNEDY. I would rather have the distinguished Senator from Nevada (Mr. BIBLE), respond to that question.

Mr. BIBLE. If the Senator from Massachusetts would yield to me, let me say, to the best of my knowledge there will be no amendments requiring rollcall votes on the military construction bill. Senators can be sure of one or more amendments but if there are amendments offered of a serious nature, the majority leader has asked me to assure everyone that those amendments will go over until Monday next for voting. But, if there are no amendments, then we will go to third reading and then have a rollcall vote on final passage of the military construction bill on Monday next.

Mr. BENNETT. With all Senators present, or most of them, as well as the chairman of the subcommittee, may I ask if there are any of us who intend to bring up a serious amendment to the military construction bill, so that we might be able to clear on that now?

Mr. BIBLE. The Senator from North Dakota (Mr. YOUNG) can respond to that.

Mr. YOUNG of North Dakota. There have been some expressions concerned about, perhaps, ABM funds. There is only $16 million in the bill for that, which is for research and development in a very important area. There is no opposition that I know of.

Mr. BIBLE. That is likewise my understanding, Mr. President. This is for research and development at Kwajalein and nothing in the continental United States.

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

Mr. KENNEDY. I yield.

Mr. BYRD of West Virginia. Might I make the suggestion to the joint leadership that we proceed with consideration of the tax reform bill, discussing any amendments and voting on them by voice vote if they are not too controversial, and if we have amendments which will require rollcall votes, after discussing them, then the rollcall votes can go over until Monday, so that all Senators would know now that there woud be no more rollcall votes today. If we get to the point that we have no further amendments for discussion to the tax reform bill, we can lay it aside temporarily and take up the military construction appropriation bill and proceed with it until we have advanced it to third reading, with the understanding that any and all rollcall votes would go over until Monday next on both bills.

Mr. KENNEDY. Mr. President, if Senators who will be here this afternoon and have amendments to offer to the tax bill and who desire rollcalls, it is the intention of the leadership to stay in session this afternoon for some time. If there are Senators who want to have voice votes, we will do that. It is also the intention of the leadership to move to consideration of the military construction appropriation bill after a reasonable period of time.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. WILLIAMS of Delaware. There will be rollcalls. The Senator from Alaska (Mr. STEVENS) has an amendment on which he wants a rollcall.

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

Mr. KENNEDY. I yield.

Mr. BYRD of West Virginia. Mr. President, I merely suggested this so that Senators might know that there would be no more rollcalls today. Apparently, we are not going to finish either of these bills. They are going over until Monday for the final vote. Why not put over all rollcalls until Monday? The majority leader and I have an amendment which will lower the age for social security recipients to 60, and I intend to ask for a rollcall vote on it. Perhaps we could have a fixed time to vote on that amendment on Monday.

Mr. KENNEDY. Mr. President, as long as there are Senators present who have amendments to the tax bill and are prepared to move on those measures, it is the leadership's intention to continue on. We will consider the possibility of moving onto other matters later in the afternoon.

AMENDMENT NO. 380

Mr. STEVENS. Mr. President, I call up my amendment No. 380.

Mr. COTTON. Mr. President, will the Senator yield me half a minute?

Mr. STEVENS. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The amendment will be stated.

The legislative clerk proceeded to read amendment No. 380.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

Amendment No. 380 is as follows:

On page 413, line 3, before the period, insert "and property to which subsection (f) applies".

On page 428, line 6, following subsection (e) add the following new subsection:

"(f) INVESTMENTS IN DEPRESSED AREAS.—

"(1) IN GENERAL.—In the case of section 38 property (other than pre-termination property)—

"(A) the physical construction, reconstruction, or erection of which is begun after April 18, 1969, or which is acquired by the taxpayer after April 18, 1969, and

"(B) which is located in a depressed area and which is constructed, reconstructed, or erected, or acquired for use in a trade or business,

the taxpayer may select items to which this

subsection applies to the extent that qualified investment for the taxable year attributable to such items does not exceed the limit on qualified investments determined under subsection (2) of this subsection. In the case of any item so selected (to the extent of the qualified investment attributable to such item taken into account under the preceding sentence), subsections (a), (c), (d), and (e) of this section, paragraphs (5) and (6) of section 46(b), and the last sentence of section 47(a)(4) shall not apply.

"(2) LIMIT ON QUALIFIED INVESTMENT.—The taxpayer shall project, under regulations promulgated by the Secretary, the number of new jobs that will be created by the qualified investment. The limit on qualified investment shall be determined by multiplying the number arrived at under the first sentence of this paragraph by $15,000.

"(3) DEPRESSED AREA.—For purposes of paragraph (1), the term 'depressed area' means an area in a State or political jurisdictional subdivision of a State in which the Department of Labor certifies that the unemployment rate for the preceding calendar year was at 6 percent or greater, or which the Secretary of Commerce determines, after consultation with the Secretary of Agriculture, are areas in which (A) farming is a major industry, (B) there has been a substantial decrease (or there is a continuing marked decrease) in the number of persons engaged in farming as a major source of their income or livelihood, (C) there is a substantial migration of such persons out of the area, and (D) as a result of such decrease and migration, a condition of substantial and persistent unemployment or underemployment exists or is caused in other areas."

Mr. SCOTT. Mr. President, were the yeas and nays ordered?

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. Mr. President, I yield 1 minute to the Senator from Colorado (Mr. ALLOTT).

AMENDMENT NO. 397

Mr. ALLOTT. Mr. President, of myself and my colleague from Colorado (Mr. DOMINICK) I send an amendment to the desk for printing.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the desk.

Mr. KENNEDY. Mr. President, may we have order?

The PRESIDING OFFICER. Senators will please take their seats.

AMENDMENT NO. 380

Mr. STEVENS. Mr. President, I ask unanimous consent that my amendments be considered en bloc.

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

Mr. STEVENS. Mr. President, with the agreement of the Senator from Louisiana, I would be willing to enter into a consent agreement of 20 minutes on each side.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Mr. President, I ask unanimous consent that there be a limitation of 40 minutes on this amendment, 20 minutes to the sponsor of the amendment and 20 minutes to the manager of the bill.

Mr. HRUSKA. Mr. President, I should think we ought to know the nature of the amendment before we agree to any limitation of debate.

Mr. STEVENS. The amendment seeks to continue the investment tax credit to depressed areas.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). The Senator will suspend until there is order. The Sergeant at Arms is instructed to clear the floor of all staff personnel who are not needed in connection with this bill, and those who are needed in connection with the bill must take seats. The Chair will await the action of the Sergeant at Arms in enforcing this order.

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

The PRESIDING OFFICER. Would the Senator from Louisiana now repeat his unanimous-consent request?

Mr. LONG. Mr. President, I ask unanimous consent that further debate on the amendment of the Senator from Alaska be limited to 40 minutes, to be equally divided between the sponsor of the amendment and the manager of the bill.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana that the time on the amendment be limited to 40 minutes, to be equally divided? The Chair hears none, and it is so ordered.

Who yields time?

Mr. STEVENS. Mr. President, I yield myself 10 minutes, and I yield one-half minute to the Senator from Colorado. I had hesitated to call up this amendment——

The PRESIDING OFFICER. There will be order in the Senate.

The Senator from Alaska.

Mr. STEVENS. Mr. President, I had hesitated to call up this amendment, but since I shall be absent from the Senate on Monday and seek a rollcall vote on it, I have decided to call it up. It seeks to preserve the investment tax credit in depressed areas.

I would call to the attention of this body that my whole State is a depressed area. The unemployment rate in Alaska exceeds 9 percent at all times. Sometimes, in many portions of our State, it is as high as 85 percent.

We have investigated the total cost in 1968 for the investment of manufacturing plant and equipment that created new jobs, and based upon information from the Department of Labor and the Department of Commerce, have ascertained that it is fair to assign the figure of $15,000 as the amount necessary to create a new job in terms of investment.

This amendment seeks to perpetuate the investment tax credit in depressed areas in this manner: We would take the number of new jobs that are created, as determined by guidelines established by the Secretary of the Treasury, multiply those jobs by $15,000, and that would give the gross amount that would be available for the tax credit at the rate of 7 percent.

Yesterday I put in the RECORD an analysis of the cost of this amendment. Assuming that all of the unemployed people in the depressed areas of this country were employed as a result of this type of investment, the total tax loss to the Treasury would be but $10 million, because the people who are presently unemployed are a burden on the Federal Government and on the State governments in terms of welfare costs.

As an offset against the cost of the credit, we have, under the administration's new program, the family assistance benefit that would not have to be paid to the unemployed receiving jobs as a result of the credit. We believe that if the Senators will examine the real drain on the Treasury as a result of this type of incentive, it will be found to be very small. It would be an incentive to take investment dollars and put them into areas where new jobs must be created.

I would call attention particularly to the fact that if it were not in a depressed area, there would be no investment tax credit.

Investment in a depressed area would only be eligible if, in fact, it did create new jobs, and thereby relieved the burden in depressed areas such as in my State.

I believe this is one way we can preserve the investment tax credit in areas where it will do some good, where it will reduce unemployment, where it will provide new income for people presently unemployed, provide new tax revenues for the Federal Government by virtue of that employment, and actually reduce the burden on the States because welfare rolls will have that much less burden.

I shall be pleased to discuss the matter with any Senator who has any question about it. It is a simple amendment. We are all familiar with the investment tax credit. It seeks to preserve what is presently an eligible investment under section 38 of the Internal Revenue Code.

I think it is important to point out what is a depressed area under the terms of this provision. It would be an area in which the unemployment rate exceeded 6 percent in the calendar year preceding the investment, or that portion of a State which the Secretary of Agriculture certifies is an area in which farming is a major industry, there has been a substantial decrease or there is a continuing marked decrease in the number of persons engaged in farming as a major source of income or livelihood, there is a substantial migration of such persons out of the area and as a result of such decrease or migration, a condition of substantial and persistent unemployment or underemployment is caused in such area or in some other area.

The PRESIDING OFFICER. The Senate will be in order. Attachés will not stand around the walls. The Sergeant at Arms will enforce this order during the remainder of the day. The lobbies will be cleared of all persons other than Senators and persons connected with the business of the Senate.

The Senator may proceed.

Mr. STEVENS. Mr. President, the inclusion in my amendment of the additional definition of a depressed area to include those farming areas which are losing farmers and are causing substantial underemployment or unemployment by reason of such action, is the result of a suggestion for which I am indebted to the Senator from Iowa (Mr. MILLER). There is a persistent problem of unemployment as a result of a substantial and

continuing migration away from farm areas.

This amendment would act as an incentive to create jobs in those farm areas experiencing such migrations. This amendment is extremely important to my State. The investment credit, I feel, has been an incentive to bring money to Alaska. Despite the fact that we have substantial tax revenues and oil revenues in our State treasury, we still have the highest rate of unemployment in the country, and I point out, with respect to the unemployment figures, that almost 20,000 people are not even included; they have been unemployed so long, they are no longer included in the statistics. This is primarily in the bush areas, the native and Indian areas of our State.

This investment tax credit, I feel, would be an incentive to private industry to take up the burden that is otherwise going to be assumed by the Federal Government under the family assistance program suggested by the administration if we do not create jobs and put these people to work on private payrolls. I really believe this is one of the places where the investment tax credit is justified, and I would not have offered the amendment had not the amendment by the Senator from Indiana been agreed to the other day. It preserved the investment tax credit as far as this body is concerned, and goes beyond the bill suggested by the Finance Committee in that regard.

I think this is a fair amendment. It is an amendment no one can abuse. You have to create a job by virtue of the investment in order to take the credit, and by tying it down so that you must show, in accordance with regulations promulgated by the Secretary of the Treasury, the fact that you have created permanent new employment by your investment to justify the credit, we guarantee that the credit will be an incentive, I feel, for job-creating investment.

Mr. President, I reserve the remainder of my time.

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

Mr. STEVENS. I am happy to yield.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. STEVENS. I yield whatever time the Senator may require.

Mr. MONTOYA. Mr. President, I wish to associate myself with the remarks of the Senator from Alaska. I think this is a very worthwhile amendment. Under the concept we have developed here in Congress through the Economic Development Act, we have been able to do a good deal with the funds we have appropriated under that act for this type of area.

There have been many small industries financed through the Economic Development Administration in many of these areas, but the most important contribution, to my way of thinking, has been the fact that, because these areas qualify under the EDA concept, the local schools have been able to get 80-percent grants, with 20 percent local matching funds, for the establishment of vocational schools.

We have now also incorporated Indian reservations and Indian villages under the EDA concept. In looking over the amendment, I fail to see that the Senator from Alaska has included Indian villages or Indian reservations in his amendment, and I am assuming that he would have no objection to modifying the amendment to include Indian villages and reservations, in addition to political subdivisions within a State.

Mr. STEVENS. Mr. President, I have no objection. Since the entire State of Alaska qualified, native areas would automatically have been part of a depressed area, and I apologize for the error. I certainly would include an Indian reservation within the definition of a depressed area.

Mr. MONTOYA. Is the Senator willing to amend his amendment accordingly?

Mr. STEVENS. I am happy to do so.

The PRESIDING OFFICER. Does the Senator ask unanimous consent to modify his amendment?

Mr. STEVENS. I ask unanimous consent that my amendment be modified, on page 3, line 1, by inserting after the word "State", and prior to the word "or", the words "Indian reservation", so as to make it read "State, Indian reservation, or political subdivision."

The PRESIDING OFFICER. Is there objection to the modification of the amendment? The Chair hears none, and it is so ordered.

Mr. MONTOYA. I thank the Senator from Alaska.

Mr. STEVENS. I thank the Senator from New Mexico for his contribution.

Mr. President, I point out that there are 490 such areas in the United States. In those 490 areas, there were 434,000 unemployed at the end of 1968. And I point out one other thing: Of the 80 million persons in the labor force of this country, only 5.2 million people live in those 490 areas. These are the areas that need new investment and new jobs; and unless we find some way to stimulate new investment in those areas, we shall not have the investments necessary to create those new jobs.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. STEVENS. I yield myself whatever additional time I may have remaining. I ask unanimous consent that the name of the Senator from West Virginia (Mr. RANDOLPH) be added to my amendment as a cosponsor.

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

Mr. STEVENS. I also ask unanimous consent that the name of the Senator from New Mexico (Mr. MONTOYA) be added as a cosponsor of my amendment.

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

Mr. STEVENS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Alaska has 7 minutes remaining?

Mr. STEVENS. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). The Senate will be in order. Staff members will take seats. The Chair recognizes that this is the kind of complex bill which requires a goodly number of staff technicians; but the Chair expects the staff members to use those seats. All staff members will be seated. There will be no exception to the Chair's order.

The Senator from Louisiana may proceed.

Mr. LONG. Mr. President, I have much sympathy for the laudable motives of the Senator from Alaska in seeking to use the tax structure to relieve depressed areas and to help wipe out areas of economic distress and poverty throughout the Nation.

Nevertheless, Mr. President, it was the view of the members of the Committee on Finance that we should try to pass a bill that would have no exceptions to the repeal of the investment tax credit. Our efforts in that regard were frustrated by the adoption the other day of the amendment which provides a $20,000 exception to the repeal for every taxpayer, the so-called small business exemption—and the cost of that exception would greatly exceed what the Senator has in mind. I am told the Senator's amendment would cost $300 million; and, while it has considerable merit to recommend it, I fear that if we agree to it, it would then lead to other amendments, and the hope of repealing the investment tax credit might never be realized.

On that basis, Mr. President, I regret that I cannot support the amendment.

I believe other Senators have a similar feeling about the matter, although I must say that if there were to be exceptions, this would be a very worthy exception to the repeal of the investment tax credit.

I believe the Senator from Delaware wanted to speak on the matter. Does the Senator from Delaware desire time?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, I yield 5 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I appreciate the position of my friend, the Senator from Alaska, on the amendment. Nevertheless, I think it would be a great mistake if the Senate were to agree to it.

I understand the cost of the amendment is estimated to be about $300 million. It would restore the investment tax credit for investments in those areas classified as depressed areas under certain definitions.

I understand that the whole State of Alaska would be classified as a depressed area for this purpose. That means that the investment tax credit would continue in the entire State of Alaska. It also would continue in other areas of the country that would qualify under the 6-percent unemployment figure which is used to determine whether an area is a depressed area.

If we had a recession, it is not at all beyond the realm of possibility that this amendment could trigger a restoration

of the investment tax credit throughout the whole country, which would occur if we reached the 6-percent level on unemployment.

We should either repeal the investment tax credit or not repeal it. And if we are going to accept this amendment, as far as I am concerned, I would say that the next amendment should be for the outright repeal of the section of the committee bill which deals with the removal of the tax credit.

We cannot justify continuing the credit in one case and not continuing it in another. We cannot justify having it apply differently in one State than in another State.

The Hartke amendment eliminated nearly one-fourth of the revenue which would have been produced under the committee bill by the repeal of the investment tax credit. This amendment would take out another $300 million of that revenue gain.

I think the amendment should be rejected.

Mr. LONG. Mr. President, I yield 2 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 2 minutes.

Mr. PERCY. Mr. President, I should have liked to study the provision much more closely than I have. I am not at all familiar with the situation in Alaska, so I do not know precisely what effect it would have there. However, I am trying to think of the situation in my own State where we do have some depressed areas. I am trying to think of what effect it would actually have there.

I know that automation and labor-saving devices over a period of time create employment, not unemployment. However, that is on the broadest possible basis. If we give an incentive in depressed areas where we have excess labor available, those companies that invest money in that particular area, in that particular plant, in labor-saving devices—and that is the type capital equipment they would be putting in—it might actually do exactly the opposite of what we would want to accomplish in a depressed area. It might be providing incentive to replace men with machines.

However, I now understand that there is a provision in the amendment that bases the limit on investments to which the investment tax credit can apply to $15,000 times the number of new jobs created. This would actually insure that new jobs would be created and makes the amendment much more acceptable. However, I am worried about the fiscal impact of this amendment—$300 million in decreased revenue. The actions of the Senate this week have already eliminated many billions of Federal revenue and this would be a further addition to that deficit.

Mr. STEVENS. Mr. President, I yield myself such time as I might need.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, no tax credit would be available to anyone unless he created new jobs in an area of high unemployment where there are people who are waiting for jobs. The reason for the investment is to encourage industry to go there to create the jobs.

In the rural areas of my State, it is impossible to get people to put in new canneries or new docks or any of the new equipment necessary in the fishing industry or mining industry. Those industries are sagging. In the native areas of my State the economy is completely depressed.

This amendment would provide an incentive to bring money into those areas. And if investment does come in and creates new jobs, this amendment will not cost the Treasury much.

If all of the unemployed people of this country were put to work by virtue of this amendment, the tax loss to the Treasury would be $300 million. However, we would have to employ every single unemployed person to have that cost.

At the same time, we would have a savings by virtue of the welfare payments that are being made to people under the Federal programs in existence today, not counting the new programs that have been suggested. And if we had those savings, the cost of employing every unemployed person would be only $10 million.

It will not cost anything unless it works. So how can we lose?

Mr. MONTOYA. Mr. President, in my State, Fairchild Camera came into the Navajo Reservation. They have installed very sophisticated equipment in that factory. They employ 1,500 Navajo Indians there, and they want to expand because of the experience they have had with the Indians.

With respect to the disadvantage of the depressed areas in this country, I point out industry goes to the metropolitan areas, and the metropolitan areas have a great advantage over the depressed areas in that they have local bonding statutes which permit the municipalities or the political subdivisions to create incentives for bringing industry into that particular area.

In the usual case in the depressed areas, they are unable to float any bond issues to provide facilities for industry so that industry can be lured into these areas and serve to supply the financial opportunity in these areas through this medium of a tax advantage.

I feel it is going to work. I feel that EDA has proved the case. In fact, EDA was a great instrument in bringing Fairchild Camera to the Navajo Reservation.

EDA is satisfied with it. The loan is being amortized, and Fairchild Camera has created an employment situation there that is a bonanza for the Navajo Indians.

I feel that the concept that the Senator from Alaska is developing in the amendment is healthy. It is a concept that will help the depressed areas of the country.

Mr. STEVENS. Mr. President, I thank the Senator.

The normal rate on corporations is 52 percent. If we allow $15,000 for each new job created, the total net effect on the Treasury of this 7-percent credit will be about $1,000 for each job that is created.

We cannot support, even through the Federal programs, a family for 6 months for $1,000. Every new job we create would lose the Treasury $1,000 in potential tax revenues. That is all it could cost, because no one may take the credit unless he creates new jobs.

I think this is the one way to get some of the investment in the areas in which it has not been possible to obtain it in the past.

If we do not get the investment there, we will be in here for welfare programs, family assistance programs, and all kinds of programs that will cost much more money. And I will support those programs. I would rather have them employed by private enterprise. Before condemning welfare programs I want first to take every proper action to get private enterprise in there.

If private enterprise cannot do the job, then government will have to do the job. This is one way to prevent any part of this burden from falling on the Federal Treasury.

It is an important amendment, so far as my State is concerned. I am informed that my State is the only State in the Union that is a 100-percent depressed area.

I will admit that any investment made in my State would qualify under this measure. However, I point out to the Senator from Delaware that we do not have any of the charitable contributions there that we have been talking about. We do not have any of these contributions that are made to such colleges as Yale or Harvard.

If the Senator wants to point out the fact that this affects Alaska more than other States, I point out that there are many things in this bill that do not help Alaska one bit. We are happy to support the chairman who has done such an outstanding job. And the Finance Committee generally. But, if the investment tax credit is to be continued, as it has been by the Hartke amendment, then my amendment is justified.

In terms of the service industry, we are trying to lure into our State the industries to produce some of the tools used in the oil industry. Those service industries will not come into our State if they do not have some incentive to come there. I think this would help.

Mr. LONG. Mr. President, I am not prepared to vote for any exception to the repeal of the investment tax credit. The House may insist that there be no exceptions to the repeal of the credit. But in view of the fact that the Senate has already voted one exception to the repeal, and the Senator has made such a persuasive argument, I think I will vote for his amendment.

Mr. STEVENS. I thank the Senator from Louisiana. I rest my case while I am ahead.

The PRESIDING OFFICER. Who yields time?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. WILLIAMS of Delaware. I do not want to delay this matter, but I would say there are two reasons for voting for this amendment: There are those who believe in the amendment sincerely and there are those who would like to see this bill killed. The adoption of this

amendment would be another step toward sinking a bill that many people have been speaking for, but really want to kill.

This bill already has been loaded with amendments that will lose almost $10 billion of revenue next year. Another $1.7 billion of revenue will be lost eventually as a result of the credit for education expenses, and this amendment will add another $300 million. I hope the amendment will be rejected. Let us vote.

Mr. STEVENS. I yield back the remainder of my time.

Mr. LONG. If there are no further requests for time, I yield back the remainder of my time.

The PRESIDING OFFICER. All time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Alaska. 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 Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Tennessee (Mr. GORE), the Senator from Alaska (Mr. GRAVEL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Hawaii (Mr. INOUYE), the Senator from Montana (Mr. MANSFIELD), the Senator from Minnesota (Mr. MCCARTHY), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from Rhode Island (Mr. PASTORE), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Georgia (Mr. RUSSELL), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON), the Senator from New Jersey (Mr. WILLIAMS), the Senator from Texas (Mr. YARBOROUGH), and the Senator from Ohio (Mr. YOUNG) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) and the Senator from Nevada (Mr. CANNON) are absent on official business.

I further announce that, if present and voting, the Senator from Louisiana (Mr. ELLENDER), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), and the Senator from Mississippi (Mr. STENNIS) would each vote "yea."

I further announce that, if present and voting, the Senator from California (Mr. CRANSTON) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Delaware (Mr. BOGGS), the Senator from Kentucky (Mr. COOK), the Senator from Maryland (Mr. MATHIAS), the Senator from California (Mr. MURPHY), the Senator from Ohio (Mr. SAXBE), and the Senator from Illinois (Mr. SMITH) are necessarily absent.

The Senator from Arizona (Mr. GOLDWATER) is absent on official business.

The Senator from South Dakota (Mr. MUNDT) is absent because of illness.

The Senator from Massachusetts (Mr. BROOKE) is detained on official business.

If present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

On this vote, the Senator from Kentucky (Mr. COOK) is paired with the Senator from Delaware (Mr. BOGGS). If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Delaware would vote "nay."

On this vote, the Senator from California (Mr. MURPHY) is paired with the Senator from Massachusetts (Mr. BROOKE). If present and voting, the Senator from California would vote "yea," and the Senator from Massachusetts would vote "nay."

The result was announced—yeas 35, nays 33, as follows:

[No. 187 Leg.]

YEAS—35

Allen	Harris	Montoya
Allott	Hart	Nelson
Bellmon	Hartke	Prouty
Byrd, W. Va.	Hatfield	Proxmire
Cooper	Jackson	Randolph
Cotton	Javits	Schweiker
Dodd	Kennedy	Sparkman
Dole	Long	Stevens
Eagleton	Magnuson	Thurmond
Eastland	McGee	Tower
Fong	McGovern	Tydings
Gurney	Miller	

NAYS—33

Aiken	Griffin	Muskie
Bennett	Hansen	Packwood
Bible	Holland	Pearson
Burdick	Hruska	Pell
Byrd, Va.	Hughes	Percy
Case	Jordan, N.C.	Scott
Curtis	Jordan, Idaho	Smith, Maine
Dominick	McIntyre	Spong
Ervin	Metcalf	Talmadge
Fannin	Mondale	Williams, Del.
Goodell	Moss	Young, N. Dak.

NOT VOTING—32

Anderson	Goldwater	Pastore
Baker	Gore	Ribicoff
Bayh	Gravel	Russell
Boggs	Hollings	Saxbe
Brooke	Inouye	Smith, Ill.
Cannon	Mansfield	Stennis
Church	Mathias	Symington
Cook	McCarthy	Williams, N.J.
Cranston	McClellan	Yarborough
Ellender	Mundt	Young, Ohio
Fulbright	Murphy	

So Mr. STEVENS' amendment was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRIFFIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMINICK. Mr. President, on behalf of Senator ALLOTT and myself I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 546, line 12 at the end of section 914 add a new section 915 to read as follows:

"SEC. 915. PERSONAL HOLDING COMPANIES.

"Section 563(b)(2) (relating to personal holding company tax) is amended by striking '10 percent' and inserting in lieu thereof '20 percent.'"

Mr. KENNEDY. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats. The Presiding Officer has plenty of time to wait on staff personnel to take seats.

Mr. DOMINICK. Mr. President, this is not a complicated amendment. It is more a matter of bookkeeping than anything else. I have discussed the amendment with the manager of the bill, the Senator from Louisiana (Mr. LONG), the distinguished ranking minority Member, the Senator from Delaware (Mr. WILLIAMS), and the Treasury Department.

Personal holding companies at the present time have to distribute within the taxable year 90 percent of their earnings and then distribute the remaining 10 percent in the next 3½ months. The problem is that in many cases it is very difficult to make an accurate estimate of earnings before their books are closed and the present 10 percent does not permit an adequate margin to either avoid paying too much in dividends, or paying too little. If the latter occurs, they subject themselves to very heavy penalties. I have discussed this problem with Treasury officials and they suggest we raise the margin from 10 to 20 percent.

I hope the manager will accept the amendment.

Mr. LONG. Mr. President, I have no objection. I am willing to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado.

The amendment was agreed to.

Mr. BELLMON. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BELLMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment, ordered to be printed in the RECORD, is as follows:

At the proper place insert the following new section:

"SEC.—. REPLACEMENT OF REAL PROPERTY INVOLUNTARILY CONVERTED WITHIN A TWO-YEAR PERIOD.

"(a) IN GENERAL.—Section 1033(a)(3)(B) (relating to the period within which property must be replaced) is amended by striking out 'one year' in clause (i) and inserting in lieu thereof 'two years'.

"(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to compulsory or involuntary conversions of real property only if the disposition of the converted property (within the meaning of section 1033(a)(2) of the Internal Revenue Code of 1954) occurs after the date of the enactment of this Act."

Mr. GRIFFIN. Mr. President, is the amendment printed and does it have a number?

Mr. BELLMON. The amendment is in lieu of an amendment that was printed.

Mr. GRIFFIN. I thank the Senator.

Mr. BELLMON. Mr. President, this amendment is intended to relieve a situation that develops when Federal agencies or other governmental entities take private property for the development of lakes, airports, highways, or other use.

Under the present law those who give

up property have only 1 year to reinvest the funds received before being called upon to pay a capital gains tax. The purpose of the amendment is to give them an additional year.

I have discussed this matter with the distinguished chairman of the committee, and also with the ranking minority leader, and they have both agreed to the terms of the amendment.

Mr. LONG. Mr. President, I have looked at the amendment and so have the members of my staff. We think the amendment has merit and I have no objection to it.

Mr. WILLIAMS of Delaware. Mr. President, I agree with the comments of the chairman of the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CORRECTION OF ANNOUNCEMENT ON VOTE

Mr. GRIFFIN. Mr. President, on vote No. 177, the Senator from Maryland (Mr. MATHIAS) was not present, but, through error, the position of the Senator was not recorded in the RECORD.

I ask unanimous consent that the permanent RECORD show that had he been present and voting, he would have voted "nay."

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

THE MILTON HERSHEY SCHOOL AND THE MILTON HERSHEY SCHOOL TRUST

Mr. SCOTT. Mr. President, I would like to draw the attention of my colleagues to a noncontroversial provision of H.R. 13270 that is of great importance to the Milton Hershey School—a school for poor orphan boys in Hershey, Pa. The provision is proposed section 509(a)(3), to be found on pages 20 and 21—commencing on line 12 of page 20 and running through line 2 on page 21—of the version of the bill reported by the Committee on Finance. My remarks are intended to make the legislative history, already spelled out in the House and Senate committee reports, crystal clear insofar as the provision's applicability to organizations such as the Milton Hershey School and the Milton Hershey School Trust are concerned.

Proposed section 509(a)(3) excludes from the definition of private foundation—and hence from the coverage of the legislation—certain organizations which never have been thought of as private foundations, but which inadvertently might have been subjected to the new rules for private foundations in the absence of the exclusion.

The Milton Hershey School for poor orphan boys was established in 1909—long before the advent of Federal income and estate taxes—by Milton Hershey, the founder of the Hershey Chocolate Co. Mr. Hershey, destined to have no children of his own, donated a substantial amount of his fortune to endow a first-rate educational organization for children without parents. When Milton Hershey set up the school he did so by executing a deed of trust under the terms of which the donated assets were deeded not to the school itself but to a trust—the Milton Hershey School Trust. The sole function of the Milton Hershey School Trust was to hold legal title to the school's operating and endowment assets, to invest the endowment assets, and to apply the income from the endowment assets to the benefit of the school in accordance with the direction of the school's governing body—its board of managers. Thus, under the terms of the original deed of trust, which is still in effect today, legal title to even the school's campus and classroom buildings is held not in the name of the school itself, but in the name of the school trust.

That there are two entities as a theoretical matter is made meaningless by other provisions of the deed of trust, which insure that the same persons who control and manage the school trust also control and manage the school. At all times since 1909, the membership of the board of managers of the school has been the same as the membership of the body that manages the trust. By virtue of this complete identity of control over the school and the school trust, there is in reality only a single entity, functioning just as the board of governors or board of trustees of the normal university or school would function, the purpose of which is to operate an educational organization for the benefit of poor orphan boys. Nine individuals, in their capacity as the board of managers of the school, oversee the operation of the Milton Hershey School; the same nine, in their trust capacity, are custodians of legal title to the school's operating assets and managers of the school's endowment assets.

Why Milton Hershey chose this unique arrangement for establishing and endowing the Milton Hershey School is not entirely clear. The net effect of the arrangement is the same as that of any ordinary school or college. There would be no significant difference if Milton Hershey had decided to give his fortune directly to the school. There is little doubt that in all probability he would have conveyed the donated assets directly to the school had he had any idea of the complications that might arise by virtue of the regulatory restrictions that we are, in this bill, imposing upon private foundations.

The Internal Revenue Service itself has recognized that the school trust and the school in effect constitute a single entity, and that this entity qualifies as an educational organization having a regular faculty, curriculum and student body within the meaning of the Internal Revenue Code. In a 1951 Revenue ruling, the Service said in part:

> Inasmuch as the information submitted disclosed that . . . [The Milton Hershey School] is owned and operated . . . [as] an integral part of the activities carried on by the trust it is the . . . opinion of this office that the trust is an educational organization . . . [having a regular faculty, curriculum, and student body].

Mr. President, when the Treasury and the Congress first began considering what changes in the Internal Revenue Code ought to be made in order to curb abuses that had been discovered in the area of private foundations, the approach taken was to include within the definition of private foundation all section 501(c)(3) tax exempt organizations except for certain excluded categories. Among the excluded categories were schools and colleges having regular faculties, curriculums, and student bodies. The Milton Hershey School is clearly such an educational organization, and itself is clearly the beneficiary of this exemption. And, because of its virtual identity with the Milton Hershey School, as recognized by the above mentioned Revenue Ruling, the Milton Hershey School Trust might also be viewed as an educational organization that is not included within the definition of private foundation. Certainly organizations such as the school trust are not the sort of organizations responsible for the abuses that occasioned the new strictures. Nor is the school trust the kind of organization commonly thought of as a "foundation." It is, however, not perfectly clear that the school trust would be excluded in the absence of clarifying statutory language.

Were the school trust not excluded, the result would have been most unfortunate, Mr. President. The hardship would have been suffered by the School and its students. In effect, such a view would subject the Milton Hershey School to unfortunate requirements—including a very substantial tax—to which schools or colleges organized along more traditional lines would not be subjected.

I might interject at this point, Mr. President, that the Milton Hershey School and the school trust constitute a most unusual organization that has not merely benefited many thousands of orphan boys from all across the country. When, in the early 1960's it became clear that Milton Hershey had so handsomely endowed the school that its income was accumulating much more rapidly than was needed to serve the needs of the school, the school and the school trust, in cooperation with the attorney general of Pennsylvania, went into court and invoked the cy pres doctrine to authorize the application of some $50 million of the accumulated income to the establishment of a new medical school for the Pennsylvania State University, which previously had been without a medical school. Through this munificence, there was established one of the most modern and progressive medical schools in the country. This, my colleagues, was an act of supreme charity. I do not have to remind anyone here how badly we need new medical schools and new doctors.

When it was called to the attention of the Treasury and the House Ways and Means Committee that the breadth of some of the provisions designed to correct abuses by private foundations might have included organizations such as the Milton Hershey School Trust, it was

readily agreed that language should be drafted to preclude this unintended effect. Section 509(a)(3) was the result. Both the Treasury and the Ways and Means Committee thought it clear that in the case of organizations like the Milton Hershey School Trust, the organization, being an integral part of a school or college, should be treated like the school or college itself. In the House report on this provision of the bill, it was noted that among the intended beneficiaries of section 509(a)(3) was the Milton Hershey School Trust, or the Hershey Trust as it is sometimes called. And the Senate Finance Committee, Mr. President, has affirmed the approach taken by the House of Representatives in proposed section 509(a)(3).

To qualify for proposed section 509(a)(3) treatment under the committee's amendment, Mr. President, an organization must satisfy the requirements of subsections (A), (B), and (C) of the provision. Subsection 509(a)(3)(A) requires that the organization be organized, and at all times thereafter operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations described in section 509(a)(1). Among the organizations there described are schools or colleges that have a regular faculty, curriculum and student body. Since the Milton Hershey School Trust was organized, and at all times thereafter, it has been operated exclusively for the benefit of the Milton Hershey School, to perform the functions of the Milton Hershey School, and to carry out the purposes of the Milton Hershey School. Moreover, it is not necessary that all three of the criteria of subparagraph (A) be met. It is sufficient, for example, that the school trust was organized, and at all times thereafter operated, to carry out the purposes of the Milton Hershey School. Since the purpose of the trust has been to hold the legal title to the classrooms, dormitories and other operating assets of the school, and to manage the endowment assets of the school and apply the benefits therefrom to the school, this criterion is clearly met. Without elaboration, it is also clear that the school trust was organized and has been operated to perform the functions of the school. It further seems clear that the school trust was organized and operated exclusively for the benefit of the school. Regarding this last point, the school trust's grant of the $50 million for the establishment of the medical school of the Pennsylvania State University—itself, incidentally, qualifying as an organization having a regular faculty, curriculum, and student body—is not fatal to the requiremnet of exclusivity, since the transfer was effected under court order and through the use of the cy pres doctrine, and did not affect the "exclusive operation" of the trust. In any event, it is clear that both of the other two criteria of the subsection are met, the satisfaction of either one of which would be sufficient.

Subsection 509(a)(3)(B) requires that the organization be operated, supervised, or controlled by one or more organizations, or in connection with one organization (or more than one educational organization described in section 170(b)(1)(A)(ii)), described in section 509(a)(1). Since the Milton Hershey School Trust is operated in connection with the Milton Hershey School, this requirement is clearly satisfied. The arrangement between the school trust and the school probably qualifies under several other of the combinations allowed by this subparagraph.

Subparagraph 509(a)(3)(C) specifies that the organization not be controlled by certain disqualified persons as defined in section 4946. It is not anticipated that the school trust would have any difficulty under this requirement.

Mr. President, I hope I have not gone into such detail on this matter as to try the patience of my colleagues. Let me state again that the provision is noncontroversial, and one that I feel every Senator can support without reservation. I did want to draw to the Senate's attention some of the background of the provision.

Mr. BENNETT. Mr. President, as a member of the Committee on Finance, I would like to assure the senior Senator from Pennsylvania that the committee, and this Senator in particular, was very mindful of the problem that certain organizations would have had in the absence of proposed section 509(a)(3). I would like to assure my colleagues that the sort of situation involving the Milton Hershey School described by the senior Senator from Pennsylvania is what the Committee on Finance had in mind when it approved this part of the bill.

AMENDMENT NO. 352

Mr. BELLMON. Mr. President, I call up my amendment No. 352 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

At the proper place insert the following new section:

SEC. —. RECOVERY OF REASONABLE ATTORNEY'S FEES, AS A PART OF COURT COSTS, IN CIVIL CASES INVOLVING THE INTERNAL REVENUE LAWS

(a) IN GENERAL.—Part II of subchapter C of chapter 76 (relating to Tax Court procedure) is amended by adding at the end thereof the following new section:

"SEC 7465. RECOVERY OF COSTS

"'(a) IN GENERAL.—In any proceeding before the Tax Court for the redetermination of a deficiency, the prevailing party may be awarded a judgment of costs to the same extent as is provided in section 2412 of title 28, United States Code, for civil actions brought against the United States.

"'(b) JUDGMENT.—A judgment of costs entered by the Tax Court shall be treated, for purposes of this subtitle, in the same manner—

"'(1) as an overpayment of tax, in the case of a judgment of costs in favor of the petitioner, and

"'(2) as an underpayment of tax, in the case of a judgment of costs against the petitioner.

No interest or penalty shall be allowed or assessed with respect to any judgment of costs.'

"(b) CLERICAL AND CONFORMING AMENDMENTS.—

"(1) The table of sections for such part II is amended by adding at the end thereof the following new item:

"'Sec. 7465. Recovery of costs'

"(2) Section 2412 of title 28, United States Code, is amended—

"(A) by inserting '(a)' before 'Except', and

"(B) by adding at the end thereof the following new subsection:

"'(b) In any civil action which is brought by or against the United States for the collection or recovery of any internal revenue tax, or of any penalty or other sum under the internal revenue laws, and in which the United States is not the prevailing party, a judgment for costs may include reasonable attorney's fees.'

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply only with respect to civil actions and proceedings for the redetermination of deficiencies commenced after the date of the enactment of this Act."

Mr. BELLMON. Mr. President, this amendment arises out of a situation which, I believe, cries out for correction.

The present Internal Revenue tax system has become so complicated that it is rarely understood by individual taxpayers. As a result, most taxpayers feel compelled to retain professional legal and accounting services when differences with the Internal Revenue Service arise. Such services are expensive and increasingly, taxpayers who are innocent of wrongdoing find it cheaper to pay taxes and penalties not owed, than to contest unfair Internal Revenue Service rulings in the courts. As a result, there is a great temptation for the Internal Revenue Service to resort to tactics which frequently border on extortion.

In a recent conversation with an official at the Internal Revenue Service, I was amazed when he told me that, "if the taxpayers of this country ever discover that the Internal Revenue Service operates on 90 percent bluff, the entire system will collapse."

Every citizen of this country must pay the full and fair amount of tax due under our law. Certainly this amendment does not intend to change that. With that responsibility, the taxpaying citizen must also have the protections against unfair taxation. This amendment helps assure an innocent citizen that he cannot be forced to incur unfair costs by unwarranted accusations by an agency of the Federal Government.

Under our present system, the Internal Revenue Service may communicate with the taxpayer and tell him that he owes the Government of the United States a certain sum of money. The citizen has two alternatives when this occurs. One, he can pay the Internal Revenue Service the amount claimed due. Or, he can go to court and try to prove that the amount is not due the Federal Government. But if, in a court action, the citizen does prevail, he is still burdened with the attorney's fees and other costs that are incidental to the litigation, which may exceed the amount claimed by the Internal Revenue Service. In either case, the citizen comes out the loser.

Unless the sum claimed by the Internal Revenue Service is large, the citizen is likely to pay the amount the Internal Revenue Service claims is due and forgo his right to prove his innocence.

This amendment will strengthen the ability and the will of American citizens

against an arm of our Government, which many feel is unduly repressive, by allowing recovery of court costs when they prevail in an action brought by or against the United States.

Mr. President, the intention of this amendment is simply to assure equity in matters where an innocent taxpayer defends his innocence in court in an action brought by the Internal Revenue Service and proves that he did not owe a penalty in this case, so that he would be allowed to recover his attorney's fees.

Mr. GURNEY. Mr. President, before I came to Congress, one of my fields in law was the practice of tax law. On many occasions I ran into the very situation the Senator from Oklahoma has just described, where a taxpayer had been harassed by the Federal Government for additional taxes and in some cases the case was clearly on the taxpayer's side. There were certain instances when even the Internal Revenue agent stated that in a conversation with me as the taxpayer's attorney, and also said in the same breath that, "We know how much it will take to defend the suit but, frankly, we think if we press it we may be able to get our claim," assuming, of course, that the client and I, as his lawyer, would not contest the claim in court because it would be too expensive.

Mr. President, as a matter of fact, just this past year, one of my constituents in Florida, whom I have known rather well for years, had a substantial claim levied against him on capital gains on some stock he owned. The amount was somewhere around $50,000 altogether. He finally settled with the Internal Revenue Service for a sum less than that but still a considerable sum, in the neighborhood of $20,000. Yet, quite clearly, the law was on his side. Had he gone to the Tax Court or into the Federal court, he could have prevailed. In this case also, the Internal Revenue agent handling the case was frank to admit that the law was on the side of my friend, the Government's case was rather shaky, but the Government pressed the case because it knew it would be able to exact a substantial settlement because of the high cost of tax litigation in the case.

There is authority in other areas of law where the Government handles attorneys' fees. In my State of Florida, in land condemnation cases, where the Government is taking the land involuntarily, for a taxpayer in Florida, at least, the attorneys' fees are paid.

Certainly, I think this case is even more compelling than those land cases. But I have seen happen in actual practice, time and again, the very case the Senator from Oklahoma has made.

I think it is an excellent amendment. It is one that the Senate should agree to, because only if the Government does not prevail, only if it has a poor case, and if it loses, would it have to pick up the attorneys' fees.

I support the amendment of the Senator from Oklahoma.

Mr. GRIFFIN. Mr. President, I associate myself with the remarks of the Senator from Florida (Mr. GURNEY) and also with those of the Senator from Oklahoma (Mr. BELLMON).

Although I did not practice tax law—I did practice law, but not tax law—it is my understanding that the taxpayer in a situation like that, really has the choice between paying the tax in question or suing to get it back, and in that case he brings a civil suit in a Federal district court—is that correct, and if he does not pay it, then he ends up in the Tax Court?

Mr. BELLMON. I yield to the Senator from Florida.

Mr. GURNEY. I do not want to enter into this, but the taxpayer can move in one of two ways. He can go into the Tax Court or he can proceed in a Federal court, as the Senator has suggested, to get back the money, after he has paid it. The taxpayer can go in either direction.

Mr. GRIFFIN. Is it true that at the present time if the taxpayer takes the route of going through the Federal district court—which is not established to handle tax cases; the Tax Court, I understand, has judges who are experts in the field—an attorney's fee in the district court cannot be obtained? Can the Senator from Oklahoma answer that question, or perhaps the Senator from Delaware?

Mr. BELLMON. I do not know the answer to the Senator's question. Perhaps some other Senator might have that information.

Mr. WILLIAMS of Delaware. I am advised that they cannot be obtained in the district courts.

Mr. GRIFFIN. Although attorneys' fees are available in Federal district courts in some other areas, in this particular area they would not be available in suits in a Federal court?

Mr. WILLIAMS of Delaware. I am so advised.

Mr. GRIFFIN. I still think there is great equity to this amendment. It also serves the purpose of encouraging the use of the Tax Court rather than the Federal district court. I believe that would be a good thing. The dockets of the district courts are very crowded, and the tax courts, in general, have more expertise. I hope the Senator's amendment will be adopted.

Mr. BELLMON. I thank the Senator.

Mr. President, I ask unanimous consent that the name of the Senator from California (Mr. MURPHY) be added as a cosponsor of the amendment.

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

Mr. WILLIAMS of Delaware. Mr. President, as I understand it, the effect of this amendment would be that the Federal Government would pay the attorney's fee in every case in which it brought suit against a taxpayer and lost, or even in those cases where the taxpayer brought the suit for a refund and the Government lost.

I have not checked with the Treasury on this, but I am reasonably certain it would be strongly opposed to this amendment. I know it objected to an amendment dealing with a part of this problem which was offered by the Senator from Kansas, and which the Senate adopted. I think in this particular instance it would be establishing a dangerous precedent to put the Government in a position where it could not file a claim without at the same time accepting responsibility for paying the taxpayer's attorney fees.

I think this would be a dangerous precedent, particularly since we have not given consideration to it in the Finance Committee and the Treasury Department has not had an opportunity to be heard on it.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. GRIFFIN. The Senator understands, does he not, that the only time the attorneys' fees would be in question would be if the Government lost the case and the Government was wrong; in other words, that the taxpayer did not owe the amount the Government said it owed? Only in that case would attorneys' fees be involved.

Mr. WILLIAMS of Delaware. That is true. But it raises a number of problems. Suppose a case were dropped for some reason. Who wins the case then?

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

Mr. WILLIAMS of Delaware. I yield.

Mr. BENNETT. I would like to ask the Senator from Oklahoma if he has any knowledge of the amount of money involved.

Mr. BELLMON. I have no idea of the amount of dollars involved, except I have been informed by the Internal Revenue Service in Oklahoma that the IRS succeeds in more than 95 percent of the cases it brings. If it is as successful as it has been, and I certainly hope it will continue to be, the Government would pay relatively little in attorneys' fees. I am talking about the 5 percent or fewer of the cases that the Government would lose.

Mr. BENNETT. Is there any control on the size of the legal fee which the attorney can submit after he has won the case, and does that requirement take in all the fees that that attorney has charged the taxpayer, not only for trying the case, but for handling the tax account through all the steps before coming to trial?

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

Mr. BENNETT. Let me get an answer first.

Mr. HRUSKA. Mr. President, will the Senator yield on that point?

Mr. BELLMON. I yield.

The PRESIDING OFFICER. The Senator from Delaware has the floor. To whom does he yield?

Mr. WILLIAMS of Delaware. Whichever Senator wants the floor.

Mr. HRUSKA. Mr. President, I would stand correction from any eminent tax authority, such as the Senator from Florida, but my understanding is that it would have to be a reasonable attorney's fee approved by the court as to amount. It would take into consideration the trial of that case. That is the fashion in which attorneys' fees in other civil suits in which the Government is involved are decided. Since the language of the

amendment of the Senator from Oklahoma is in the same general language, I presume it would be the same.

Mr. GURNEY. Mr. President, if whoever has the floor will yield——

Mr. WILLIAMS of Delaware. Mr. President, I would like to ask a question, myself, of the Senator from Oklahoma. Do I understand this takes care only of the attorneys' fee? As a rule, in tax cases, the taxpayer also has an accountant's fee. Does this proposal take care of the lawyers' and also the accountants' fees?

Mr. BELLMON. The language of the amendment provides for recovery of reasonable attorneys' fees.

Mr. WILLIAMS of Delaware. Let me ask another question. Suppose there is an assessment of a $20,000 deficiency. The taxpayer disputes it. The case goes to Tax Court. The Tax Court decides that the proper deficiency is $10,000. Who won the case?

Mr. BELLMON. I am not able to answer the question.

Mr. WILLIAMS of Delaware. It seems to me an answer is necessary if we are to understand the impact and effect of the Senator's proposal.

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

Mr. BELLMON. I yield.

Mr. GURNEY. In answer to the Senator from Delaware, that is a matter always in litigation where attorneys' fees are involved.

Mr. WILLIAMS of Delaware. The point is——

Mr. GURNEY. If I may complete my reply, very frequently settlements are made in the course of litigation. Attorneys' fees are determined upon the amount of time that is put in the case. There is no problem there. The amendment of the Senator from Oklahoma contains the usual provision in the usual language.

Mr. WILLIAMS of Delaware. If the Senator will yield for a moment, I do not quite understand that that answers my question. This amendment says that if the Government loses the case—if it is not the prevailing party—then the Government has to pay the taxpayer's attorneys' fees. If there is a $20,000 assessment against the taxpayer in a case which goes to the Tax Court and the Tax Court makes a judgment of $10,000, who is the prevailing party? Who won?

Mr. GURNEY. The Government would have in that case, unless the Senator from Oklahoma has a different opinion.

Mr. BELLMON. I am not a lawyer or judge, but I would certainly feel the Government had won in a case of that kind.

Mr. WILLIAMS of Delaware. Suppose the judgment is for $5,000?

Mr. BELLMON. I would say that if the Government got $5, the Government would be the prevailing party.

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

Mr. BELLMON. I yield.

Mr. GURNEY. I would like to make one other comment, because the comment has been made that this amendment will result in great cost to the Government, but anybody who is familiar with tax litigation knows that considerable litigation goes on long before it ever comes into court, first of all between the taxpayer and the Internal Revenue Service, and then the appellate steps. Actually, there are three steps altogether before it ever gets into tax court.

So there are very few cases among the vast number of tax litigation cases and tax claims made in this country that ever wind up in tax court. It seems to me that if a case does arrive there, after all that preliminary negotiation, and the Government loses, the Government itself has brought on a poor case and has harassed the taxpayer to that end, and so help me, ought to pay a reasonable attorney's fee. That is precisely what the amendment of the Senator from Oklahoma provides. It is a fair amendment, and the Government ought to pay it.

Mr. MILLER. Mr. President, will the Senator from Florida yield?

Mr. GURNEY. I do not have the floor.

Mr. MILLER. Will the Senator from Oklahoma yield?

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mr. GURNEY. Excuse me; I yield.

The PRESIDING OFFICER. The Senator from Oklahoma lost the floor when he sat down.

Mr. BELLMON. I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. MILLER. Mr. President, the Senator from Florida says that if, after going through these various stages, the Government loses the case, they have had a poor case, and therefore they ought to reimburse the aggrieved taxpayer for all the legal expense and trouble he has gone through.

That certainly has a ring of sense to it. But when he says, "and the Government loses," to me that is putting the finger on the problem we have.

The Senator from Oklahoma, in response to a question by the Senator from Delaware, has indicated that the intention of his language in this bill is that if the case is tried by the tax court, and the Government ends up with even $1 by way of a deficiency, then the Government will not have lost.

That is one interpretation, and that apparently is the interpretation of the author of the amendment. However, it seems to me that if an assessment of $10,000 has been proposed, and the taxpayer's counsel is able to get that deficiency cut down to $5,000, the Government has not really won. They have won partially. It may be that the amendment could be reworked a little bit, so that some kind of proportion could be allowed.

It seems to me that if the Government has a proposed deficiency of $10,000 and the Tax Court decision is $5,000, perhaps 50 percent of the taxpayer's costs should be allowed, rather than saying that since the Government had prevailed, the taxpayer gets nothing because the taxpayer has been put upon by an excessive deficiency proposal.

There is another thought on this matter, and I ask my friend from Florida whether he will yield so that I can ask a question of the Senator from Oklahoma.

The PRESIDING OFFICER. Does the Senator from Florida yield for that purpose?

Mr. GURNEY. I yield.

Mr. MILLER. Suppose that the case had gone to the Tax Court, and the pleadings have been filed, and before the court holds the hearings, the taxpayer's counsel and the Government attorneys work out a settlement. Would my interpretation be correct that, in that case, since the case has not gone to trial, there would be no reimbursement to the taxpayer for his legal costs?

Mr. BELLMON. Mr. President, it is my understanding that the statement the Senator from Iowa has made is accurate; that in case the Government recovers all or part of the assessment that has been made, the Government has prevailed, and is the prevailing party. I could not agree with the Senator from Iowa that in case the claim is settled for half or any other percentage, the taxpayer should be paid his attorney's fee. That is not the intention of the amendment. The amendment is intended to discourage the Internal Revenue Service from bringing unmeritorious cases against our citizens. That is the sole purpose of the amendment, and it has nothing to do with recovering a portion of attorney's fees in a case where there is a partial settlement.

Mr. MILLER. Will the Senator from Florida yield further?

Mr. GURNEY. Yes. May I say this before yielding, however: I think the point is well made when the Senator says there are cases where the Government asks for $50,000, knowing that perhaps they can only collect $25,000. But the Senator from Oklahoma has not drawn his amendment that way, perhaps feeling, "Let us try for this first, and see how it works, and perhaps we can go on to the other later on."

Mr. MILLER. Mr. President, I think the Senator from Florida and I are in agreement on that. This is breaking new ground, and if we are going to break new ground gradually, I think the Senator from Oklahoma has delimited the effect of his amendment to such a degree that no one need worry about much cost to the Government on this proposal. It could serve as a salutary warning that the Internal Revenue Service had better settle these cases without pushing them up to the Tax Court. Furthermore, it is only going to be in a rare case where, after going through all of these stages, a proposed deficiency before the Tax Court ends up with zero liability to the taxpayer. I would guess those cases would be very rare, and only in those cases would the amendment of the Senator from Oklahoma apply.

So I think that the amendment has a good deal of merit, and I would support it, with the understanding that it is delimited as the Senator from Oklahoma has described.

Mr. GURNEY. The point of the Senator from Iowa is well made, and I am delighted that he is giving his support to this amendment of the Senator from Oklahoma. It is well known that prior

to his coming to Congress, he was widely experienced and successful in the practice of tax law, and his opinion on this matter is certainly something the Senate should take into consideration.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. GURNEY. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. At the first stages of the negotiation, as I understand it—though I am not a lawyer—most of the negotiations are handled by accountants. I am wondering, if we are going in this direction, why we are singling out lawyers. I am sure Senators would not want this referred to as a relief act for lawyers. If we are going to do it at all, how do we distinguish between the expenses of accountants and those of lawyers? I wonder if the former would not be equally as great. I do not know that the lawyers are any less able to take care of themselves than the accountants; I wonder, if we are going to take part of it in, why we would not take all of it.

Mr. MILLER. Mr. President, will the Senator yield, so that I may explain that?

Mr. WILLIAMS of Delaware. I just wondered whether it was an oversight.

Mr. GURNEY. I yield to the Senator from Iowa, who would like to be heard on that point.

Mr. MILLER. This may partially answer the question of the Senator from Delaware: Under Tax Court procedure, certified public accountants as well as lawyers are entitled to practice. There are quite a number of certified public accountants who do appear before the Tax Courts. I would have to look at the amendment a little more carefully, but I would understand that in that case, an accountant who is entitled to practice before the Tax Court would be entitled to have his fees recovered.

Mr. WILLIAMS of Delaware. One other question has been suggested: I have not had a chance to study the amendment, but if the Government has to pay the fees where it loses the case, would that work the other way? If the Government wins the case, would the taxpayer have to pay the Government's costs?

Several Senators addressed the Chair.

Mr. WILLIAMS of Delaware. I yield to the Senator from Alaska.

Mr. STEVENS. I have the amendment in my hand. It says:

> In any proceeding before the Tax Court for the redetermination of a deficiency, the prevailing party may be awarded a judgment of costs.

Mr. CASE. Costs are not the same as attorney's fees.

Mr. STEVENS. Then we get down to the other part. It says:

> In any civil action which is brought by or against the United States for the collection or recovery of any internal revenue tax, or of any penalty or other sum under the internal revenue laws, and in which the United States is not the prevailing party, a judgment for costs may include reasonable attorney's fees.

The PRESIDING OFFICER. The Senate will be in order. Will the Senator please speak loudly enough so that other Senators may hear him?

Mr. STEVENS. To repeat:

> In any civil action which is brought by or against the United States for the collection or recovery of any internal revenue tax, or of any penalty or other sum under the internal revenue laws, and in which the United States is not the prevailing party, a judgment for costs may include reasonable attorney's fees.

That is limited. It is only when the United States is not the prevailing party that attorney's fees may be included. Costs would not include attorney's fees unless specified.

I might add that costs could include an accountant's fee if the accountant were an expert witness before the Tax Court. Such costs would certainly be included in all instances where the accountant appeared as an expert witness. But only where the prevailing party is not the United States could attorney's fees be included.

Mr. HRUSKA. Mr. President, it has been suggested that this language be looked over a little, to see whether the amendment can be modified. May I, for the purpose of allowing a little time for that purpose, suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Florida yield for that purpose?

Mr. GURNEY. I yield.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

Mr. AIKEN. Mr. President, I object until I know what we will do afterward.

The PRESIDING OFFICER. Objection is heard.

Mr. AIKEN. Mr. President, it is about time for more consideration for the public to be shown here. The "oily" bird is getting all the worms here today. We should go over until Monday.

The PRESIDING OFFICER. The clerk will continue to call the roll.

The assistant legislative clerk resumed the call of the roll.

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

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senator from Florida (Mr. GURNEY) under the previous unanimous-consent agreement has the floor. He is not present. So that order is vacated.

TRANSACTION OF ROUTINE MORNING BUSINESS

Under the previous order, the following routine morning business was transacted:

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

H.R. 4744. An act for the relief of Mrs. Ezra L. Cross (Rept. No. 91–577); and

By Mr. ERVIN, from the Committee on the Judiciary, without amendment:

H.R. 2238. An act to provide for the relief of certain civilian employees paid by the Air Force at Tachikawa Airbase, Japan (Rept. No. 91–574).

By Mr. TYDINGS, from the Committee on the Judiciary, without amendment:

S. 1646. A bill to create an additional judicial district in the State of Louisiana, and for other purposes (Rept. No. 91–575).

By Mr. TYDINGS, from the Committee on the Judiciary, with amendments:

S. 2624. A bill to improve the judicial machinery in customs courts by amending the statutory provisions relating to judicial actions and administrative proceedings in customs matters, and for other purposes (Rept. No. 91–576).

TAX REFORM ACT OF 1969—AMENDMENTS

AMENDMENT NO. 389

Mr. GORE (for himself and Mr. WILLIAMS of Delaware) submitted amendments, intended to be proposed by them, to the bill (H.R. 13270) to reform the income tax laws, which were ordered to lie on the table and to be printed.

(The remarks of Mr. GORE when he submitted the amendments appear earlier in the RECORD under the appropriate heading.)

AMENDMENT NO. 390

Mr. CURTIS (for himself and Mr. MUNDT) submitted an amendment, intended to be proposed by them, jointly, to H.R. 13270, supra, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 391

Mr. HOLLAND submitted an amendment, intended to be proposed by him, to H.R. 13270, supra, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 392

Mr. RIBICOFF (for himself, Mr. CURTIS, Mr. Moss, and Mr. PERCY) submitted amendments, intended to be proposed by them, jointly, to H.R. 13270, supra, which were ordered to lie on the table and to be printed.

AMENDMENT NO. 393

Mr. MILLER submitted amendments, intended to be proposed by him, to H.R. 13270, supra, which were ordered to lie on the table and to be printed.

AMENDMENT NO. 395

Mr. DOLE submitted an amendment, intended to be proposed by him, to H.R. 13270, supra, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 396

Mr. FANNIN submitted an amendment, intended to be proposed by him, to H.R. 13270, supra, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 397

Mr. ALLOTT (for himself and Mr. DOMINICK) submitted an amendment, intended to be proposed by them, jointly, to H.R. 13270, supra, which was ordered to lie on the table and to be printed.

(The remarks of Mr. ALLOTT when he submitted the amendment appear earlier in the RECORD under the appropriate heading.)

AMENDMENT NO. 398

Mr. BYRD of West Virginia. Mr. President, I am submitting this amendment on behalf of the majority leader and myself, to reduce from 62 to 60 the age at which actuarially reduced social security would be made available to eligible individuals who apply for them.

Under this amendment, which would become effective at the end of June of next year, an estimated 3.5 million persons, not otherwise eligible for monthly benefits under social security, would become immediately eligible. Of these, an estimated 35,000 reside in West Virginia.

Of the 3.5 million who would become eligible, Mr. President, it is further estimated by the Social Security Administration that 800,000 persons would actually apply for these reduced benefits. About 10,000 of these would be West Virginians.

The short-range cost effect of adopting this amendment would approximate $605 million in additional benefit payments during the first 12 months of operation.

That figure does not tell the whole story, however, because it is the long-range cost which we need to examine.

The long-range cost of implementing my amendment is nothing. The reason for this is that individuals who elect to take reduced benefits at age 60 would receive the same net amount by the time of their deaths as they would have been paid had they started receiving larger payments at 62 or 65.

Mr. President, I have offered this amendment on previous occasions and the Senate has passed it several times. Unfortunately, it has been knocked out each time in conference with the House for reasons best known to Members of that body. These setbacks have not been very encouraging, but I do not believe that they should deter us from making another try.

It is unusual for the Congress to be in the position of genuinely helping our older citizens at no additional cost to the employer or the employee. But this amendment would allow us to do just that.

I believe that there are millions of people in this country who, because of failing health or loss of employment, are forced into retirement earlier than others. It is not fair to these people to make them wait until age 62 for reduced benefits if they need them at age 60 and if they elect to take further reductions in the amount of their monthly payments.

The amendment also would offer an alternative to some individuals who otherwise might be forced to go on welfare or stand with hat in hand at the gates of their children.

There is yet another good reason for enacting this amendment. Presumably, a number of the persons who otherwise would voluntarily elect to take benefits at 60 are currently wage earners. By our making it possible for them to voluntarily retire earlier, their jobs would thus be vacated and filled by younger people. This could help somewhat in alleviating the national unemployment problem. The question of reducing the retirement age to 60, therefore, takes on additional important social aspects.

Mr. President, making actuarially reduced social security payments available at age 62 seems such a commonsense thing to do that I really cannot understand the obstacles which have been put in the path in prior years.

Yesterday, we saw some necessary social security amendments enacted, and the Senators who voted for those amendments are to be commended. Let us today enact this simple and cost free, but vital, amendment so that it can truly be said that, in the year of the ABM and the manned moon landing, Congress did not forget the Nation's senior citizens.

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

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table and, without objection, the amendment will be printed in the RECORD.

The amendment is at the end of the bill, add the following new title.

TITLE X—AMENDMENTS TO THE SOCIAL SECURITY ACT

SHORT TITLE

SEC. 1001. This title may be cited as the "Social Security Retirement Age Amendments of 1969".

ACTUARILY REDUCED BENEFITS

SEC. 1002. (a)(1) Section 202(a)(2) of the Social Security Act is amended by striking out "62" wherever it appears therein and inserting in lieu thereof "60".

(2) Section 202(b)(1) of such Act is amended by striking out "62" wherever it appears therein and inserting in lieu thereof "60".

(3) Section 202(c) (1) and (2) of such Act is amended by striking out "62" wherever it appears therein and inserting in lieu thereof "60".

(4)(A) Section 202(f)(1)(B), (2), (5), and (6) is amended by striking out "62" wherever it appears therein and inserting in lieu thereof "60".

(B) Section 202(f)(1)(C) of such Act is amended by striking out "or was entitled" and inserting in lieu thereof "or was entitled, after attainment of age 62,".

(5)(A) Section 202(h)(1)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(B) Section 202(h)(2)(A) of such Act is amended by inserting "subsection (q) and" after "Except as provided in".

(C) Section 202(h)(2)(B) of such Act is amended by inserting "subsection (q) and" after "except as provided in".

(D) Section 202(h)(2)(C) of such Act is amended by—

(i) striking out "shall be equal" and inserting in lieu thereof "shall, except as provided in subsection (q), be equal"; and

(ii) inserting "and section 202(q)" after "section 203(a)".

(b)(1) The first sentence of section 202(q)(1) of such Act is amended (A) by striking out "husband's, widow's, or widower's" and inserting in lieu thereof "husband's, widow's, widower's, or parent's", and (B) by striking out, in subparagraph A) thereof, "widow's or widower's" and inserting in lieu thereof "widow's, widower's, or parent's".

(2) (A) Section 202(q)(3)(A) of such Act is amended (i) by striking out "husband's, widow's, or widower's" each place it appears therein and inserting in lieu thereof "husband's, widow's, widower's, or parent's", (ii) by striking out "age 62" and inserting in lieu thereof "age 60", and (iii) by striking out "wife's or husband's" and inserting in lieu thereof "wife's, husband's, or parent's".

(B) Section 202(q)(3)(B) of such Act is amended by striking out "or husband's" each place it appears therein and inserting in lieu thereof ", husband's, widow's, widower's, or parent's".

(C) Section 202(q)(3)(C) is amended by striking out "or widower's" each place it appears therein and inserting in lieu thereof "widower's, or parent's".

(D) Section 202(q)(3)(D) of such Act is amended by striking out "or widower's" and inserting in lieu thereof "widower's, or parent's".

(E) Section 202(q)(3)(E) of such Act is amended (i) by striking out "(or would, but for subsection (e)(1) in the case of a widow or surviving divorced wife or subsection (f)(1) in the case of a widower, be) entitled to a widow or widower's insurance benefit to which such individual was first entitled for a month before she or he" and inserting in lieu thereof "(or would, but for subsection (e)(1), (f)(1), or (h)(1), be) entitled to a widow's, widower's, or parent's insurance benefit to which such individual was first entitled for a month before such individual", (ii) by striking out "the amount by which such widow's or widower's insurance benefit" and inserting in lieu thereof "the amount by which such widow's, widower's, or parent's insurance benefit", (iii) by striking out "over such widow's or widower's insurance benefit" and inserting in lieu thereof "over such widow's widower's, or parent's insurance benefit", and (iv) by striking out "attained retirement age" each place it appears therein and inserting in lieu thereof "attained age 60 (in the case of a widow or widower) or attained retirement age (in the case of a parent)".

(F) Section 202(q)(3)(F) of such Act is amended (i) by striking out "(or would, but for subsection (e)(1) in the case of a widow or surviving divorced wife or subsection (f)(1) in the case of a widower, be) entitled to a widow's or widower's insurance benefit to which such individual was first entitled for a month before she or he" and inserting in lieu thereof "(or would, but for subsection (e)(1), (f)(1), or (h)(1), be) entitled to a widow's, widower's, or parents' insurance benefit for which such individual was first entitled for a month before such individual", (ii) by striking out "the amount by which such widow's or widower's insurance benefit" and inserting in lieu thereof "the amount by which such widow's, widower's, or parent's insurance benefit", (iii) by striking out "over such widow's insurance benefit" and inserting in lieu thereof "over such widow's, widower's, or parent's insurance benefit", (iv) by striking out "62" and inserting in lieu thereof "60", and (v) by striking out "attained retirement age" each place it appears therein and inserting in lieu thereof "attained age 60 (in the case of a widow or widower) or attained retirement age (in the case of a parent)".

(G) Section 202(q)(3)(G) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(3) Section 202(q)(5)(B) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(4) Section 202(q)(6) of such Act is amended (i) by striking out "husband's, widow's, or widower's" and inserting in lieu thereof "husband's, widow's, widower's, or parent's", and (ii) by striking out, in clause (III), "widow's or widower's" and inserting in lieu thereof "widow's, widower's, or parent's".

(5) Section 202(q)(7) of such Act is amended—

(A) by striking out "husband's, widow's, or widower's" and inserting in lieu thereof "husband's, widow's, widower's, or parent's"; and

(B) by striking out, in subparagraph (E), "widow's or widower's" and inserting in lieu thereof "widow's, widower's, or parent's".

(6) Section 202(q)(9) of such Act is

amended by striking out "widow's or widower's" and inserting in lieu thereof "widow's, widower's, or parent's".

(c)(1) The heading to section 202(r) of such Act is amended by striking out "Wife's or Husband's" and inserting in lieu thereof "Wife's, Husband's, Widow's, Widower's, or Parent's".

(2)(A) Section 202(r) (1) of such Act is amended (i) by striking out "wife's or husband's" the first place it appears therein and inserting in lieu thereof "wife's, husband's, widow's, widower's, or parent's", and (ii) by inserting immediately before the period at the end thereof the following: ", or for widow's, widowers's, or parent's insurance benefits but only if such first month occurred before such individual attained age 62".

(B) Section 202(r)(2) of such Act is amended by striking out "wife or husband's" and inserting in lieu thereof "wife's, husband's, widow's, widower's, or parent's".

(d) Section 214(a)(1) of such Act is amended by striking out subparagraph (A), by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting the following new subparagraphs (A) and (B):

"(A) in the case of a woman who has died, the year in which she died or (if earlier) the year in which she attained age 62,

"(B) in the case of a woman who has not died, the year in which she attained (or would attain) age 62,".

(e)(1) Section 215(b)(3) of such Act is amended by striking out subparagraph (A), by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively, and by inserting the following new subparagraphs (A) and (B):

"(A) in the case of a woman who has died, the year in which she died or, if it occurred earlier but after 1960, the year in which she attained age 62,

"(B) in the case of a woman who has not died, the year occurring after 1960 in which she attained (or would attain) age 62,".

(2) Section 215(f)(5) of such Act is amended (A) by inserting after "attained age 65," the following: "or in the case of a woman who became entitled to such benefits and died before the month in which she attained age 62,"; (B) by striking out "his" each place it appears therein and inserting in lieu thereof "his or her"; and (C) by striking out "he" each place after the first place it appears therein and inserting in lieu thereof "he or she".

(f)(1) Section 216(b)(3) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(2) Section 216(c)(6)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(3) Section 216(f)(3)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(4) Section 216(g)(6)(A) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

(g)(1) Section 202(q)(5)(A) of such Act is amended by striking out "No wife's insurance benefit" and inserting in lieu thereof "No wife's insurance benefit to which a wife is entitled".

(2) Section 202(q)(5)(C) of such Act is amended by striking out "woman" and inserting in lieu thereof "wife".

(3) Section 202(q)(6)(A)(i)(II) of such Act is amended (A) by striking out "wife's insurance benefit" and inserting in lieu thereof "wife's insurance benefit to which a wife is entitled", and (B) by striking out "or" at the end and inserting in lieu thereof the following: "or in the case of a wife's insurance benefit to which a divorced wife is entitled, with the first day of the first month for which such individual is entitled to such benefit, or".

(4) Section 202(q)(7)(B) of such Act is amended by striking out "wife's insurance benefits" and inserting in lieu thereof "wife's insurance benefits to which a wife is entitled".

(h) Section 224(a) of such Act is amended by striking out "62" and inserting in lieu thereof "60".

SEC. 1003. The amendments made by this title shall apply with respect to monthly benefits under title II of the Social Security Act for months after December 1969, but only on the basis of applications for such benefits filed after September 1969.

SEC. 1004. Section 8332 (j) of title 5 of the United States Code is amended by striking "individual, widow," in the first sentence and substituting in lieu thereof "individual is at least 62 years of age, or if his widow".

AMENDMENT NO. 399

Mr. COOPER (for himself, Mr. BAKER, Mr. COOK, Mr. RANDOLPH, and Mr. BYRD of West Virginia) submitted an amendment, intended to be proposed by them, jointly, to H.R. 13270, supra, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 400

Mr. HRUSKA submitted amendments, intended to be proposed by him, to H.R. 13270, supra, which were ordered to lie on the table and to be printed.

DISTRICT OF COLUMBIA APPROPRIATION BILL, 1970—AMENDMENTS

AMENDMENT NO. 394

Mr. EAGLETON (for himself, Mr. GOODELL, Mr. KENNEDY, and Mr. MATHIAS) submitted amendments, intended to be proposed by them, jointly, to the bill (H.R. 14916) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1970, and for other purposes, which were ordered to lie on the table and to be printed.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 342

Mr. COTTON. Mr. President, I ask unanimous consent that, at the next printing, the names of my distinguished colleague the Senator from New Hampshire (Mr. MCINTYRE) and the distinguished Senator from South Carolina (Mr. THURMOND) be added as cosponsors of amendment No. 342 to the tax bill.

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

AMENDMENT NO. 352

Mr. BELLMON. Mr. President, I ask unanimous consent that, at the next printing, the names of the Senator from Florida (Mr. GURNEY) and the Senator from Michigan (Mr. GRIFFIN) be added as cosponsors of amendment No. 352 to the tax bill.

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

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, December 6, 1969, he presented to the President of the United States the enrolled bill (S. 118) to grant the consent of the Congress to the Tahoe regional planning compact, to authorize the Secretary of the Interior and others to cooperate with the planning agency thereby created, and for other purposes.

NOTICE OF HEARINGS ON MHD

Mr. MOSS. Every Member of the Senate is keenly aware of our Nation's ever-increasing demands for electrical energy and our vital need to find ways of producing that electrical energy that do not pollute our air and waters, by either particulate pollution or by thermal pollution.

In furtherance of this national need, the Subcommittee on Minerals, Materials, and Fuels has scheduled a public hearing for December 18 on MHD which is shorthand for magnetohydrodynamics. MHD is a term used to describe a newly developing means of producing high-voltage electrical energy direcly from coal—including the low-grade coals which are found in such abundance in many of our Western States—or other fuels without going through the costly, cumbersome process of first heating water to make steam with which to turn turbines and generators.

In the MHD process, coal is gasified at extremely high temperature and passed over a magnetic field. The process has at least three great and immediate advantages: First, as I indicated, it is to a large extent pollution free; second, it requires very little water, a matter of great importance in many parts of the West—and in the East, too, in fact—and third, it can utilize the lower grade coals that it is not economically feasible to use in conventional thermal generating plants.

Thus, MHD might be said to tap a new energy resource in such States as Montana and in my own State of Utah.

Earlier this year, Dr. Lee A. DuBridge, Director of the Office of Science and Technology, released an official report entitled "MHD for Central Station Power Generation: A Plan for Action." This report was prepared by a special OST panel of utility executives, scientists, and engineers under the chairmanship of Louis H. Roddis, vice chairman of the Consolidated Edison Co. It reviews the current status of MHD technology and recommends a research and development program designed to explore the huge potential benefits of the process.

In releasing this report, Dr. DuBridge said:

> Making MHD generation a reality will require the cooperation and financial support of the government, the electric utilities and their suppliers. I hope that the report of this distinguished panel will be carefully studied so that we can all find a proper course of action.

It is in furtherance of this recommendation by our Government's top scientist that the Minerals, Materials, and Fuels Subcommittee hearing has been scheduled. At this time, it is the subcommittee's plan to hear only nongovernmental witnesses on the 18th. That is, this first hearing will be confined to the industry. Government experts will be heard at a later date.

The hearing will open at 9:30 o'clock on December 18 in the Interior Committee hearing room, room 3110, New Senate Office Building. Any interested persons are invited to attend.

SENATOR RANDOLPH COMMENDS TODAY'S YOUTH—CITES NEED FOR REPORTING POSITIVE CONTRIBUTIONS BY YOUNG CITIZENS

Mr. RANDOLPH. Mr. President, too often our news media report the disruptive practices by students and neglect to report adequately the positive undertakings of today's youth. Accenting the negative is newsworthy—the press says—but I believe Americans are also interested in good news. This is not a carping criticism of our modern news media, but rather is an observation of one Senator who pleads for a more positive or balanced approach.

Only a small percentage of students are causing trouble on the high school and college campuses. All suffer as a result. Most of our youth are in school for an education, to participate in campus activities, to gain insight into social problems, and to become involved in meaningful programs for the benefit of mankind, and to improve their skills, thereby better enabling themselves to support a family and become constructive citizens.

Mr. President, I am a strong supporter of youth. I believe in young people. I share many of their visions, their dreams, and their hopes. Since 1942, I have been active in attempting to secure franchise for 18-year-olds, because I have faith in their ability to make decisions and in their knowledge of the world around them. If given the ballot I am convinced they can become active participants in our elective system of government.

Youth are concerned about problems. They question the need for war, poverty, discrimination, and inadequate housing.

We are too often unaware of the positive contributions of youth. As an example, I emphasize that 443 volunteer students at Idaho State University recently began operating a halfway house for former mental patients who planned to enroll at the university or at a local business college.

Camp Titan, in California's San Bernardino Mountains, completed its first summer after being sparked, supported, and supervised by volunteer students from California State College at Fullerton. The camp gave 90 disadvantaged 8- to 12-year-olds 2 weeks in the outdoors. They will be given follow-up counseling, tutoring, and friendship during the coming year.

At Wisconsin State University at Eau Claire, student youth volunteers work at Whynot, a treatment center for alcoholics approximately 25 miles from the campus.

About 800 students from Indiana's Ball State University provide tutorial and recreational services for children in their homes and in centers.

At Southern Connecticut State College, 1,300 sophomores have been organized to work with 160 different community service agencies in 25 Connecticut towns and cities.

There are examples of student volunteer programs reported by the American Association of State Colleges and Universities and brought to my attention by its able executive director, Allan W. Ostar.

The AASCU study points out that student volunteers, like other student activists, are a phenomenon of our time. Each is reacting to what he regards as the inequities of society. The dissident activist attacks society; the student volunteer works to solve its inequities.

These student volunteers are growing in number and, in many cases, have created specific coordinating structures through which to channel their efforts.

At Morehead State University, in Kentucky, the student council plans to establish a Community Service Association, an outgrowth of campus volunteers' increasing interest and participation in service projects.

The University of Northern Iowa has a program to place volunteers in a variety of service programs.

The newly formed Community Involvement Project Committee at Virginia's Norfolk State College is the arm of the student government association which arranges for students to tutor in local public schools.

Providing a needed service to the Community University, a free, student-run series of courses at California State College in San Bernardino, are being given. Student volunteers work in its college information center, established in a low-income neighborhood to recruit minority group students into higher education.

Through the student senate at Bemidji State College in Minnesota, students tutor in local elementary and high schools, work as big brothers and sisters with the community's children and as recreational aides to its aged.

Perhaps the grandfather of all organized student volunteer efforts is the EPIC—educational participating in the community—program at California State College at Los Angeles, a highly organized student-administered operation involving well over 1,000 students. Any community group may ask and receive assistance from EPIC.

Student volunteerism also flourishes on campuses with no single major or official channel for community activities.

At the State University at Buffalo, N.Y., there are 100 student organizations performing services which include tutoring, working with exceptional children at the State hospital and serving disadvantaged persons in the inner city.

Sororities, fraternities, and service groups at Western Kentucky University cleaned a downtown square, painted a local playground, and aided in other community projects.

Students from the State University of New York at Albany set a new record in contributing blood to the Red Cross and raised $5,500 in a telethon for mental health.

Students of the University of Missouri at Rolla, where I have spoken, were recently honored for such activities as raising over $8,000 for the Phelps County March of Dimes, the South Central Missouri Shrine Club, and Boys Town of Missouri during the past year, as well as giving over 200 pints of blood to our soldiers in Vietnam, and doing repair work on St. Louis inner-city churches, centers, and housing areas.

Mr. President, I have mentioned only a few of the worthwhile activities in which today's college youth are involved. The greatest percentage of our young are conscientious and mature people who realize their responsibility in attempting to solve major problems and also to contribute affirmative efforts on vital issues of our challenging times.

THE 50TH ANNIVERSARY OF THE EL DORADO TIMES

Mr. PEARSON. Mr. President, December 1, 1969, marked the 50th anniversary of the El Dorado Times, one of Kansas' finest newspapers. A "Golden Progress" edition was issued to commemorate this historic date.

The first page of this most impressive edition was devoted to a column entitled "Fifty Achieving Years," written by the paper's distinguished editor, Mr. Rolla A. Clymer, a man I feel privileged to call a friend. Mr. Clymer has been associated with the El Dorado Times for all the 50 years of its existence; therefore he is especially qualified to write the history of the community it serves. 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:

FIFTY ACHIEVING YEARS

(By R. A. Clymer)

The El Dorado Times will be fifty years old on December 1, 1969.

It came into being on that date in 1919 as the result of a merger of the Walnut Valley Times and the El Dorado Republican. Both of these old newspapers were founded by the same man—Thomas Benton Murdock.

It was on March 4, 1870, that Mr. Murdock and J. S. Danford first issued the Walnut Valley Times—which was the first newspaper in Butler county.

In 1881, Mr. Murdock—then the sole owner—sold the newspaper property to Alvah Shelden and moved to Topeka. But the atmosphere of the state capital city was not to his liking and the love of the Walnut Valley kept calling him—so back he came to El Dorado in 1883 and set up the El Dorado Republican. This move displeased the Sheldens, who claimed that when Mr. Murdock sold them The Times, he pledged himself never to operate another newspaper in El Dorado. Despite Murdock's denial, a coolness and a bitter rivalry existed between these two men all the rest of their lives.

When Mr. Murdock died on November 4, 1909, he left the Republican to his widow, Mrs. Marie Antoinette Culbreth Murdock, her daughter Ellina and her step-daughter, Mary Alice Murdock. When Mr. Shelden died on December 17, 1911 his son, Chester C., a capable newspaper man, took over the operation of the newspaper. In 1916, when development was boiling because of the oil boom, Chester sold the paper to J. B. Adams.

During the early years of this century, El Dorado was served by two daily and two weekly newspapers emanating from their respective shops. At that period of time, few towns of El Dorado's size—about 3,500 population—had a daily newspaper, while El Dorado had two.

The oil strike in 1915 quickly caused an upsurge of local retail business and these two newspapers got along acceptably until 1919 when the cost of newsprint zoomed to the skies. Newspapers without a mill contract were left in the cold—and the open market prices vaulted to unheard of prices. The Re-

publican, for example, paid $6,000—or ten cents a pound—for one car of newsprint that under old conditions would have been sold for but little more than one-fifth of that sum.

So, it may be said that the unexpected and exorbitant price of newsprint forced the merger of the two newspaper properties. There were other economic reasons, however, that pointed the move, so the agreement for a consolidation was signed on November 20 of 1919 and the first issue of the present Times appeared on Monday, December 1. The Republican building at 114 East Central, newly built, became the home of the new newspaper. It remained in that location—although much crowded for room—until the new building at 114 North Vine was completed six years ago.

The first board of directors consisted of J. B. Adams, William Allen White, of the Gazette, Emporia; Marcellus M. Murdock, of the Wichita Eagle; Burns Hegler, former manager of the Walnut Valley Times, and R. A. Clymer, former manager of the Republican.

Thus The Times is actually near 100 years old—and will reach that anniversary date on next March 4. It is the direct offspring of the old Walnut Valley Times, and can properly claim that relationship.

That was fifty years ago and, while that period does not seems exactly like a watch in the night, it has gone swiftly.

Vast changes have taken place over the nation in that half-century, while all of Kansas and the Kingdom of Butler and its communities also have been altered—and much for the better we are prone to believe.

The face of the town has been materially changed in those fifty years. The old city hall has been razed and a new municipal complex established on North Vine; whereas South Main had the business play in 1919, the shift of stress now has been taken over by North Main; Hotel El Dorado was built, occupied, abandoned and is now coming back into usefulness in that time; the senior high school, a magnificent structure, has been built north of town; many new business homes have been constructed—some of them gems in their architecture and appearance; Allen Memorial hospital was erected and is now being largely expanded and improved in order to handle the increasing volume of its patients.

The new Bradford Memorial Library has been established on South Washington and the old Carnegie structure it occupied now is the home of the Butler County Historical Society and its museum; the 4–H club building was erected as a clearing house for farm meetings and is now used for just about every other large gathering; Central Park, built largely by WPA labor during the depression, serves as an outlet for many events; whereas the town got its water from the Walnut river in 1919, it now has two large lakes and is in the works for a large reservoir northeast of El Dorado; the Kansas Turnpike was built at this town's edge more than a decade ago, and many enterprises have now moved westward along Central Avenue.

The East Central project not only took many kinks out of US 54 highway but, by a feat of engineering practically secured this community against floods; the old county poor farm has given way to several excellent nursing homes; instead of seven refining plants that were here in 1919, now only two well-managed properties remain—Skelly Oil and Petrofina; the old Santa Fe railroad station long ago disappeared and the town has been without passenger train service for years; the Southwest Trafficway provides a speedy short cut to the Skelly refinery; a handful of modern motels have taken the place of numerous lodging houses; whereas the town had five banks in 1919, it now has three with assets of more than $35 million; a number of small but potentially profitable enterprises have come to El Dorado, whose boosters are working for that "big one"; above all, the establishment here of the Butler County Community Junior College came as one of the town's most prized assets.

In 1919, this town had just finished its participation in World War I—the "war to end all wars." Since then it has passed through World War II and the Korean conflict, and is now trying to emerge from its Vietnam war which is the most baffling conflict in which it ever took part. It has suffered heavy rains and floods, tornadoes and other windstorms, choking drouths (especially that one in the middle 'fifties,) and the Great Depression of the 'thirties which lasted for almost a decade.

It has suffered epidemics of various natures. It has seen thermometers sink to 17 degrees below zero in the winter and rise to 118 degrees above in summer—for the extreme spread of 135 degrees. It has had good business and bad, and yet has preserved along its bounden way. It has undergone a revolution in its roads, both for in-county highways and those leading to distant parts, all smooth-surfaced. Its county has built, and is building, watersheds to hold rainfall where it occurs, and is employing other conservation measures. The town's business volume has vastly increased, and its people today are—as a rule—happy, healthy and strong.

The town had a larger population in 1919 than it has today because of boom conditions. But in 1930 the Skelly Oil company offices were split in two parts and moved to Kansas City and Tulsa. This was one of the heaviest blows the town has ever sustained. But the K–T oil corporation moved here shortly thereafter and, in one way and another, the town kept its stride and has continued to improve.

Without checking the matter in detail, this editor believes that every church denomination in town either has rebuilt its edifice entirely or else has subjected the structure to enlargement and expansion.

El Dorado is one town where the business district is not jammed together. On several of the downtown streets roomy parking lots are provided and more open space appears in the center of town than one will ordinarily find in cities of this class.

In this accounting, no doubt, many items that should have been included have been left out. Let it be sufficient to say that El Dorado is far stronger and more substantial than it was half a century ago, and possesses an enlarged ability to order its own affairs. Many improvements and refinements on every hand indicate that the spirit of progress is still running strongly throughout the community.

El Dorado has suffered some lamentable deaths in fifty years—and the list of them all would comprise a golden chain. But others have risen up to take the places of those who have gone, and many new residents have come into the community to employ their modern intelligence, energy and zeal in the further upbuilding of the community.

This editor was here when the newspaper merger took place and had a hand in forming the nature and policies of the publication. The Times has always hewn closely to the idea that home news comes first and has tried to live up to that ideal. Now your editor has grown old but can testify that the past half-century has been a happy and rewarding one. He is also dead sure that he doesn't know as much as he thought he did fifty years ago.

It has been a great blessing to live here in the midst of the hurly-burly of widespread oil fields—and on the flank of the glorious and ever-wondrous Flint Hills. The people—those whose nativity was here and who came from many of the area's upstanding pioneers, plus those who came from the four quarters of the earth drawn by some function of the oil and refining business—have been fused together in a remarkable melting pot. They have proved to be admirable companions and neighbors—and their true-hearted kindness and brave endeavors have overlain all the achievements that have here been gained.

When motor vehicle license tags were first issued in Kansas, going to each country in the matter of its population enumeration. Butler county carried the figure "9" for years. The last check on the size of its population showed it to be in tenth spot. So the old county has held its own in a population way through thick and thin, and the ups and downs of fifty years.

Butler's forty thousand people have given their county a rich and mellow flavor, and the spirit and personality of its residents will not diminish but rather will grow more pronounced in future years.

Whatever happens in the next fifty years, we anticipate that the Kingdom of Butler will go along as it has gone in the past century and continue to be a shining light in the congregation of Kansas counties.

NEW YORK TIMES' WICKER CALLS PROXMIRE ANTIPOLLUTION BILL LOGICAL, REASONABLE, FAIR, EFFECTIVE

Mr. PROXMIRE. Mr. President, Tom Wicker, of the New York Times, recently wrote a compelling column on a new approach to water pollution contained in a bill that I introduced last month. The column makes the case for the bill powerfully. Because the column will be of interest to all Members of Congress who are interested in meeting the urgent and growing problem of water pollution, I ask unanimous consent that it be printed in the RECORD.

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

[From the New York Times, Nov. 27, 1969]

LET THE POLLUTERS PAY

(By Tom Wicker)

WASHINGTON, November 26.—Some years ago, Robert Kennedy took an inspection tour of New York Harbor and said of its polluted waters: "If you fell in, you wouldn't drown, you'd dissolve." One foul reason for that, a Federal agency has just disclosed, is the Passaic River, which carries the waste from 29 municipalities and 700 industries into the harbor, after only 10 per cent of the pollutants have been removed by available treatment facilities.

This is a particularly odorous example—New York State is getting 56 per cent of the pollutants out of the waste it dumps into the harbor—of what William Proxmire of Wisconsin has called to the attention of the Senate in a detailed and shocking speech. He said flatly that we are not only failing to end the pollution of American waters, but the situation is actively getting worse—despite $5.4 billion spent in fighting pollution in the last decade by Federal, state and local governments.

Proxmire based his remarks on a General Accounting Office survey of the antipollution program, which concluded that the program of providing Federal aid to municipalities for the construction of sewage treatment plants, while necessary, is about like aiming a toy pistol at the wrong target. Not only is the program underfunded, with a backlog of $2 billion in requests against $214 million in the Nixon budget and $1 billion voted by the Senate; but even if all the demands could be met, it still would not make much difference. The municipalities simply are not the real culprits.

An example from the G.A.O. survey, cited by Proxmire, tells the story. On a stretch of unidentified interstate river, where $7.7

million had been spent on municipal sewage disposal plants since 1957, these facilities had reduced total pollution of the river by 3 per cent—while the amount of industrial wastes dumped into the same river in the same years had increased by 350 per cent. Everywhere the G.A.O. looked, it found the same grim pattern.

CLEANING CHARGES

Since Proxmire and the nine Senators who joined him in introducing a bill for a new antipollution program are well able to distinguish an elephant from a mouse, they have taken dead aim on industrial waste and not with a toy pistol, either. They propose to make industry pay for cleaning up industry's mess, and even to give them an economic incentive to do it.

They would impose a variable system of Federal effluent charges on industrial firms that discharge waste into water. The charges would vary with the strength and toxicity of the waste—the more high-powered, the higher the charge, and vice versa. Most crucially, it would be levied on a per-pound basis, so that the less waste dumped in a river, the lower the total charge.

BENEFITS OF PLAN

The aim is not to penalize but to make waste disposal a legitimate cost of production, rather than a free service provided to industry at public expense. At present, Proxmire explained, many an industry finds it cheaper to pay Federal, state or local pollution fines, if any, than to install up-to-date treatment facilities; so they go on polluting. The proposed variable charge system would make it cheaper, instead, to reduce waste production and improve its treatment—and Proxmire showed that in places where the system has been tried locally, the practical results bore out this theory. Not only did industrial polluters work to reduce the charge levied on them for waste disposal, but the necessary research and development often led to net reductions in over-all production costs.

(Just yesterday, at a scientific conference in Maryland, two physicists described how a "superfired thermonuclear flame" called a "fusion torch" might someday be used to convert gas, liquid and solid wastes back into clear, original atoms.)

The effluents-charge system thus would attack the major cause of water pollution, stimulate the actual reduction or re-conversion of waste materials, and provide a substantial new source of Federal funds (about $1.5 billion in charges the first year), half of which would be devoted to the underfunded municipal sewage facilities program.

The plan is, in fact, so logical and reasonable and fair and effective that someone is bound to charge that it violates the free enterprise system. To which Proxmire has already replied that the public's need for pure drinking water and the sportsman's need for clear fishing water are just as legitimate as industry's need for water disposal but since the public and the sportsmen are already paying for their use of the lakes and streams, so should businessmen.

THE POET

Mr. CHURCH. Mr. President, it was announced this week that the distinguished Senator from Minnesota (Mr. McCARTHY) has received an award from the National Endowment for the Arts for a poem which was recently published in the New Mexico Quarterly.

This is a rare honor for a Member of the Senate. I have done some research and discovered that never before has a Senator been so recognized as a poet. For EUGENE MCCARTHY, it is richly deserved recognition for a man who is not only a Senator and poet, but a statesman and a man of peace.

In a recent issue of McCalls, there appeared a new poem by our colleague titled "Ares." This remarkable work reflects on the insane arithmetic of war and deplores a world prepared to take more lives than there are to lose. I commend the poem to the Senate and ask unanimous consent that it be printed in the RECORD.

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

ARES

(By EUGENE MCCARTHY)

god, Ares
is not dead.
he lives,
where blood and water mix
in tropic rains.
no NNE, or S
or W, no compass—
only mad roosters
tail down on twisted vanes
point to the wind
of the falling sky
the helicopter wind
that blows straight down
flattening the elephant grass
to show small bodies crawling
at the roots, or dead
and larger ones
in the edged shade, to be counted
for the pentagon, and
for the New York Times.

Ideologies can make a war,
last long and go far
Ideologies do not have boundaries
cannot be shown on maps,
before and after,
or even on a globe,
as meridian, parallel,
or papal line of demarcation.

What is the line between
Moslem and Jew
Christian and Infidel
Catholic and Huguenot
with St. Bartholomew waiting
on the calendar for this day
to come and go?
What map can choose between cropped
heads
and hairy ones?
What globe affirm
"better dead than red"
"better red than dead"?
ideologies do not bleed
they only blood the world.

Mathematical wars go farther.
They run on ratios
of kill and overkill
from one to x
and to infinity.
We are bigger, one to two
We are better, one to three
Death is the measure
It's one of us to four
of them, or eight to two
depending on your
point of view.
12 to 3
means victory
12 to 5
forebodes defeat.
These ratios stand
sustained
by haruspex and IBM.
We can kill all of you
three times
and you kill all of us
but once and a half—the game
is prisoner's base, and we

are fresh on you
with new technology.
We sleep well
but worry some. We know
that you would kill us twice
if you could, and not leave
that second death half done.
we are unsure
that even three times killed
you might not spring up whole.
Snakes close again
and cats, do, it is true,
have nine lives. Why
not the same for you?
No one knows about third comings
We all wait for the second, which
may be bypassed
in the new arithmetic.
or which, when it comes,
may look like a first
and be denied.
The best war, if war must be
is one for Helen
or for Acquitaine
No computation stands
and all the programed lights
flash
and burn slowly down to dark

when one man says
I will die,
not twice, or three times over
but my one first life, and last,
lay down for this my space,
my place, my love.

OIL SHALE AND THE PUBLISHING INDUSTRY—A CASE HISTORY

Mr. PROXMIRE. Mr. President, for some time now I have been interested in the public policy implications of the way in which certain vast oil shale deposits in Colorado, Wyoming, and Utah have been handled by the Federal Government. In the course of my work in this area—work which resulted in the introduction of proposed legislation on the subject in the last Congress—I have been helped by, among others, Mr. J. R. Freeman, formerly editor of the Frederick, Colo., Farmer and Miner, and at present the editor of the Abington Journal, Clark's Summit, Pa.

Mr. Freeman has played a major role in focussing public attention on the issues. In the best traditions of an independent press he published a controversial series of 51 articles on oil shale.

Now the Columbia Journalism Review has published an article by Mr. Freeman setting forth in some detail the specifics behind a decision by Life magazine not to carry a story on oil shale after the story had been placed in page proofs. Mr. Freeman also discusses the subsequent sale to Harper's of a revised version of the story, written by Chris Welles, who wrote the Life article, together with the firing of Mr. Welles by Life.

In my estimation, the Freeman article raises some interesting and provocative questions regarding the workings of the press in this country. We all know of the superlative job Life has done in uncovering scandal and corruption in the great American tradition. The staff is doing the best work in the exposé field being put out in America today. Thus I am not prepared at this time to agree wholeheartedly with everything that Mr. Freeman says. However, I do believe that his article deserves the careful consideration of my colleagues. Consequently, I ask unanimous consent that it be printed in the RECORD.

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

[From the Columbia Journalism Review, summer 1969, October 1969]

NOTES ON THE ART

(By J. R. Freeman)

It began late in May, 1967, when Chris Welles, a *Life* magazine staffer for about six years, came to my country newspaper office in Frederick, Colorado, to interview me as a follow-up lead to a *Ramparts* magazine article entitled "Teapot Dome 1967?". Written by Adam Hochschild, the *Ramparts* article had noted that I had alerted *Ramparts* to the story and supplied them information.

As Welles skeptically took notes during that first interview, his associate, a *Life* staff photographer, busied himself snapping numerous pictures on the operations and staff of the *Farmer and Miner*, legal newspaper for the area, which I then edited and published.

During the interview I gave Welles a basic summary of the charges made via some twenty-seven articles in the *Farmer and Miner* regarding oil shale lands, in Colorado, Utah, and Wyoming, which former Senator Paul Douglas of Illinois was later to call "the most submerged issue in American domestic politics involving the greatest scandal in the history of our Republic."

I explained to Welles the means and methods by which I believed that large American oil corporations and their front men had virtually stolen thousands of acres of oil shale lands for $2.50 an acre when the land was often selling in excess of $2,000 an acre on the open market. I briefed him in detail on how powerful private interests financed by oil companies were trying to obtain thousands of acres of lands from the Federal Government under guise of invalid and abandoned pre-1920 oil shale mining claims. In such maneuverings by private interests many aspects become difficult to explain and legal situations become vastly complex. Thus it was necessary that Welles be offered everything in my files pertaining to the subject. Since I had been investigating the scandal for more than two years my files had become voluminous.

About two weeks after that first interview, Welles telephoned from Washington to inform me that he was carrying forward his investigation. He also indicated that he was now aware that we were indeed, involved with a huge story that would "shake the nation" once told. Welles also said he would keep in close touch, wanted my continued help, and would be back to Colorado in the near future.

Burdened by the responsibility of producing the *Farmer and Miner* from week to week, Elaine (my associate editor and wife) and I were working under horrible conditions in attempting to lend as much time as possible to research and to investigate the political and economic implications of oil shale while getting a paper out. For this reason we knew that I could not devote much more time to *Life's* efforts gratis, though nothing would have pleased us more.

Therefore when Welles returned to Colorado and suggested that I give him full time for at least a short period of time until he could "speak the language" regarding the oil shale issue, an agreement was drawn up for *Life's* consideration that would pay me $400 a week, excluding expenses, as well as "protect certain federal employees who may give information or leads to either Welles or Freeman, during their pursuit of information dealing with public domain oil shale and related aspects." Welles, as business editor of *Life*, signed the agreement on June 26, 1967. For three weeks thereafter checks from Time Inc. came through to me regularly in $400 amounts, with Welles paying me expenses from his pocket.

Because of the complexities of public land and mineral law and the vast political and economic implications regarding what I believed to be the richest natural resource known to man, containing as much as 2.6 trillion barrels of oil, it was necessary to place Welles in the hands of experts who had been working with me. These included, among others, Robert S. Palmer, executive director of Colorado's Mining and Industrial Board; Senator Douglas, who introduced a bill in 1965 to pay off the national debt from oil shale royalties, and Dr. Morris Garnsey, an economist at Colorado, expert in resource economics of the Rocky Mountain West. Also I urged Welles to interview people like Colleen Connelly, Thomas M. Stewart, Albert B. Logan, and Fred March, attorneys formerly in the Interior Department's Regional Solicitor's office in Denver, who were instrumental in turning the department around on its oil shale policy.

I also made my complete files available to Welles, including hundreds of letters to government officials, and just as many hundreds of documents relating to past oil shale and mineral resource frauds in government operations. Meanwhile, Welles had begun intensive interviews with the likes of Dr. Teil Ertl, a former Interior employee in the Bureau of Mines, portrayed by *The Wall Street Journal* as the possible benefactor of a $40 million fortune through his arrangement with Shell Oil Company and the Federal Government in an oil shale deal.

Though staying in contact with Welles by phone, I did not visit with him between July and September, until I went to Washington to testify before the Senate Interior and Insular Affairs Committee's hearings on oil shale. During his coverage of the hearings Welles told me that he had plans for a ten-page exposé. He said he had a researcher checking out his facts back in New York, and it would probably only be a short "month or so" before his story would be out.

Later I learned that the publication date by *Life* had been fixed tentatively for December, though it was not long after that Welles wrote me that December was out because "the managing editor [then George H. Hunt] said he didn't want such a scandalous type story in a Christmas issue." However, Welles followed up with the phrase, "he promises he'll run it the first or second week in January."

After January had come and gone with no *Life* story, I learned from Welles that he believed his superiors had sent his draft article over to the people at *Fortune* magazine, a Time-Life subsidiary, who brought pressure against the thrust of the Welles article. On February 15 I received the following note from Welles:

I'm sorry to tell you that our advertising department staged a counter-attack on the shale story. I managed to beat them back on about 95% of their demands, but the net effect has been to delay the story three weeks to the week of March 18th. Believe me, this thing has become the cause célèbre around here. But keep the faith, baby. It's going to run.

In the meantime I learned the *Life* story had been killed permanently. A telephone conversation with Welles on March 19 confirmed that the story had been killed, with the management not giving him any real reasons why, after it had been set in type and even page proofs had been pulled.

There is at least adequate basis to speculate that oil interests influenced *Life* management to scrap their oil shale story. Certainly one thing is clear. The then Secretary of the Interior, Stewart Udall, did not want to have the oil shale scandal given wide publicity, lest he find himself trying to explain to the American people why he permitted private interests to file 25,000 new mining claims for metals covering more than four million acres of oil shale public domain containing an estimated two trillion barrels of oil. These 1966 claims could have been prevented had he acted by timely withdrawal of the lands from entry.

Welles never found out precisely what caused the kill. A short time later, after giving up on *Life*, Welles called on Willie Morris, editor-in-chief of *Harper's*, offering to rewrite his oil shale story in condensed form for that publication. Morris reviewed the Welles effort and said that it was "the best story" he had ever seen on the subject.

It was not the first on the subject submitted to *Harper's*. Almost a year before a free-lance writer and novelist, Lois Hudson, had written an oil shale piece outlining aspects of the scandal. With her draft to several publications, none of which, including *Harper's*, accepted her effort, was an accompanying letter from Senator Douglas, who earlier had written her: "I have read your excellent article and like it very much. . . . There is a big battle going on in Interior over this, and I get conflicting reports about it."

Certainly Welles had narrowed down his information to the point that his editors could not tell him where he needed further effort. He had talked to numerous Interior Department officials, including Secretary Udall and Under Secretary John Carver, Jr., as well as the department's chief legal advisor, then Solicitor Frank J. Barry. If *Life* editors thought that the Welles article needed to be supported with additional facts, certainly it would have been a simple matter for *Life* to assign additional talent to assist Welles in reviewing materials then in my possession, which he had not reviewed completely.

So it was that Welles saw no other alternative to get the story, or at least part of it, told, except to sell his piece to another publication after he was assured that *Life* would never publish his facts on the scandal.

Because of the controversy involved, and its national scope, *Harper's* obviously wanted expert advice on the subject. On June 17, 1968, before their August publication of the Welles piece entitled "Oil Shale: Hidden Scandal of Inflated Myth." Mrs. Marion K. Sanders of *Harper's* editorial rooms wrote Professor Garnsey, himself a *Harper's* contributor, with accompanying galley proofs:

"I would be most grateful if you would read the piece yourself and let me know by return airmail if there are any errors of fact in it. Although we have the greatest confidence in the author, it would be reassuring to have another expert view."

Earlier she had already alerted Garnsey that the article was to appear, saying additionally: ". . . This is an updated and revised version of the piece that did not run in *Life*." Upon receipt of the galley proofs, Dr. Garnsey collaborated with me in the preparation of corrections that were sent back in time for the article to be revised and published as planned, though some of the significant corrections were never made.

At *Life*, meanwhile, all hell broke loose. After he realized that time had run out for *Life* to stop the publication of the piece by *Harper's*, Welles told his superiors that he had sold the oil shale story to Willie Morris. This was on July 3.

A conference on the subject was immediately called in the office of the managing editor, Hunt. In the meeting was the magazine's legal counsel, as well as editor Thomas Griffith.

One of the first possibilities at hand for *Life* management to consider in their meeting, which was also attended by the publisher, Jerome S. Hardy, was filing of litigation to secure a court injunction to restrain *Harper's* from publishing the Welles piece. A phone call to *Harper's* informed them that it was already too late. The August issue containing the Welles article had already been printed, and was in the distribution process.

Perhaps the least significant action *Life*

could take was to "crucify" Welles on the "cross of oil shale," which they did as per George Hunt's letter to him of July 10, the first paragraph of which read, "Confirming our conversation of today, I must inform you that as of August 7, 1968, you will no longer be an employee of Time Inc."

Although the version of the *Harper's* article on oil shale is a mere surface approach to the oil shale and related mineral resource scandals involving federally owned lands, it is significant to observe that the thrust of the article has not been refuted by oil company spokesmen or government officials with facts. Two oil companies replied to the magazine, and both were firmly answered by Welles in the November issue of *Harper's*, even though the oil company replies endeavored only to deny the fact that oil companies have delayed putting shale oil into the market place. It is significant that these two companies, Mobil Oil Corporation and Gulf Oil Corporation, did not attempt to dispute the contention that 380,000 acres of oil shale lands were patented or conveyed by the United States through the Interior Department to private interests under dubious circumstances before August, 1960.

It is also interesting to note that while the Welles *Life* article was more extensive in certain aspects than any previously published nationally, nonetheless neither government officials nor oil company spokesmen have ever denied any of the charges made in the *Ramparts* article, which emphasized much more strongly the political implications. Neither has anyone from any part of the spectrum denied any of the more extensive charges outlined in my fifty-one-part series in the *Farmer and Miner*.

The specifics of the Welles firing were made available to a *Wall Street Journal* Washington bureau reporter, Jerry Landauer, who prepared a story appearing in the *Journal's* July 30, 1968, issue. In the *Journal* story it was pointed out that Welles had been given a $2,000 annual raise in salary just after the oil shale story was killed. The *Journal* failed to mention that only a short time before Welles had received his regular annual advancement, the latter complying with usual policy in the organization.

In the various denials by *Life* officials that oil company pressure was responsible for their killing the story, Hunt admitted that such a piece could have an effect on advertising revenues, while the publisher, Hardy, maintained that Welles "couldn't be wronger."

At no time has Welles ever denied he was selling *Life* property—though he laments that such has long been a practice in the industry. He told the *Journal:*

"I didn't want to sell it to a magazine that was directly competitive with *Life*. *Harper's* is a very well respected magazine. I knew from the standpoint of ethics that it would be possible to fault me. But I knew that if I tried to get permission to sell the story on the outside that not only would they say no, but might take legal steps to prevent me from doing it. I was outraged that the story had been killed. This is the biggest story I've ever worked on. After the story was killed, I considered strongly quitting, but I liked working at *Life*, and decided that working it like that would perhaps be a childish act. . . . There is no question from the general atmosphere, from the kind of meetings that were going on, there was no question that the oil industry was aware of the story."

Thus it appears that today's journalistic trend in America, from the eyes of a former country newspaper editor, at least, is such that no one periodical can or will publish the full scope of a major national government scandal without the assurance that such a story will likewise be run by other organs so as to make the atmosphere "safe." Or at least in this case they have not. And therefore the major portions of the oil shale and related minerals resource scandal remain hidden from the majority of Americans, who not only do not know what they actually own in natural resources, nor its value, but more importantly, who may be trying to steal it.

INTERNATIONAL LEAGUE WORKS FOR RIGHTS OF ALL PEOPLE

Mr. PROXMIRE. Mr. President, the International League for the Rights of Man is striving for the cause of human rights for all peoples throughout the world. An affiliate of the United Nations, the league attempts to educate and inform the world about the state of human rights in all nations, whether these nations consider themselves democratic, dictatorial, or somewhere in between.

In a recent bulletin from the league, Mr. Roger Baldwin, the acting director of the league's activities, described a number of actions that the league has taken in relation to the respect that various nations give to the human rights of their citizens. He stated:

A PROTEST AGAINST THE GREEK GENERALS

Adding to many other projects against the high-handed dictatorship of the Greek military junta, which seized power over a year ago, the League addressed the Secretary-General of the U.N. a plea on behalf of a group of well-known professors and intellectuals recently arrested and held for military court trial charged with opposition to the regime. Charges of tortures of prisoners in Greek prisons were verified by an inquiry conducted for Amnesty International of London, published in book form in Swedish, by James Beckett, an American lawyer married to a Greek citizen. The Greek regime has been condemned by the Council of Europe but its repressions of dissent and opposition appear to continue without let-up.

SOME HUMAN RIGHTS IN SOUTH KOREA

The League affiliate in South Korea reports that the Koreans arrested in Berlin last spring and brought on charges of espionage, tried and convicted, have benefited from governmental clemency. Two condemned to death have been commuted to life, and the others so reduced that they will shortly be freed. The Korean League was active in their behalf. Appeals have been made by the Korean League for help by the International League for Koreans in Japan, a half million of them, who do not enjoy full civil rights; many of whom have been repatriated to North Korea, despite lack of diplomatic relations and possibly under some form of coercion.

U.S. MILITARY RULE OF OKINAWA HIT

The American Civil Liberties Union has long protested the military security restrictions on the Japanese population of Okinawa, which include a travel ban on suspected leftists. Recently a representative of the Japanese Civil Liberties Union, affiliated to the International League, was denied entry, later permitted after protests. But the ban on a woman secretary of the League still stands without explanation. Japan is demanding administrative control over Okinawa with U.S. bases on the same footing as in Japan proper.

The International League for the Rights of Man is performing a valuable service by exposing those nations which are neglecting their recognition of human rights. The United States, I am proud to mention, has already taken a giant step to eradicate the above issue of Okinawa. Just last week, President Nixon announced that this island would be returned to Japan by 1972. The self-determination of the people of Okinawa is coming to fruition, as are their human rights. I hope that the other nations of the world that find themselves under the spotlight by the league will conduct themselves in as fine a manner.

OIL INDUSTRY LOBBYING

Mr. PROXMIRE. Mr. President, last week we had several crucial votes involving the tax subsidies of the oil industry. Although for the first time the Senate voted to cut the depletion allowance from the inviolate 27½ percent to 23 percent, it failed to do more than slightly modify the most obvious symbol of the oil industry's privileged tax position.

Other decisions affecting the oil industry are going to be made in the future. The most significant of which will be the President's decision whether to continue restricting oil imports and, if so, in what fashion.

In order that we may all know the type and extent of the pressures being mounted by the oil industry to protect their privileged position, I ask unanimous consent that an article on the oil lobby, written by Richard Corrigan, and published in the National Journal be printed in the RECORD at the conclusion of my remarks.

The National Journal is a new magazine but one which is rapidly gaining a well deserved reputation for excellence. It is thorough and fair but is not hesitant to present sensitive issues involving powerful forces.

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

WASHINGTON PRESSURES—OIL INDUSTRY, UNDER ATTACK, HITS BACK AT FOES

(By Richard Corrigan)

The legendary influence of the oil lobby on what goes on in Washington is being put to a severe test this year.

Decisions now pending in the nation's capital will have heavy impact on the industry's future operations—and might well cost the industry many millions, or even billions, of dollars.

The oil lobby has long been depicted as one of the most pervasive and powerful, capable of bending government policy through the application of money and muscle.

But this year, industry spokesmen are wondering aloud where their supposed power is, why they have been subjected to attacks from so many quarters and why their attackers seem to have the upper hand.

With annual sales of more than $60 billion, the oil industry is certainly not defenseless. Oilmen and their allies are launching counterattacks on many fronts; they have entry to offices on Capitol Hill, to the executive branch departments and to the White House.

ITEM

Michael L. Haider, board chairman of Standard Oil Co. (New Jersey), the nation's biggest oil firm, recently met privately with Mr. Nixon. Afterwards, he expressed optimism about the President's as-yet-undisclosed position on the current review of oil import policy.

Item: Govs. Preston Smith, D-Tex., Robert B. Docking, R-Kan., Stanley K. Hathaway, R-Wyo., and Richard B. Ogilvie, R-Ill., representing member states of the Interstate Oil Compact Commission, met Nov. 7 with the head of the Cabinet import review task force, Labor Secretary George P. Shultz, to support the import control program. (Another delegation of governors who oppose the program met with Shultz Nov. 24.)

Item: High government officials—including Treasury Secretary David M. Kennedy, Interior Under Secretary Russell E. Train and John N. Nassikas, named by Mr. Nixon to head the Federal Power Commission—addressed the American Petroleum Institute's Houston convention Nov. 10 and 11. Their attendance demonstrated Administration concern about relations with the industry.

Item: Interior Secretary Walter J. Hickel was in Houston Nov. 22 and 23. A department spokesman said the Secretary planned to inspect offshore drilling rigs, but a Washington oil representative said industry officials planned to meet with Hickel, and there was speculation that the Alaska pipeline case was discussed.

Items: Rep. Wayne N. Aspinall, D-Colo., chairman of the House Interior Committee, hosted a private party Nov. 22 at a club in the Blue Ridge Mountains near Harper's Ferry, W. Va. While the gathering was mostly for certain Members of Congress, staff aides and Interior Department officials, it was learned that an oil lobbyist helped arrange the meeting and that a few oil company officials were invited.

Industry uneasiness: Despite its Washington connections, the oil industry feels threatened in several areas by the possibility of federal action that would alter existing laws and procedures. Spokesmen for the industry are blaming themselves for failing to get their story across to the public. (Secretary Hickel told Louisiana oilmen Oct. 16, that they had been "so engrossed in selling your products to the people you have neglected to sell your industry to the people.")

As oilmen see it, the public has become ingrained with the idea that the industry enjoys unwarranted tax advantages and other benefits, whereas the public should believe that what is good for oil is good for America. A recent speech by Houston oil executive Michel T Halbouty illustrates this point of view.

Industry dissension: But the industry also has been plagued by divisions within its own ranks. This is to be expected in an industry so diverse, encompassing wildcat drillers, worldwide corporations and fuel-oil distributors, to name just a few components. Nevertheless, dissension within the ranks cannot help the industry present a united front to its critics.

One example of an intra-industry dispute was the endorsement by the Kansas Independent Oil and Gas Association of a sliding depletion scale that would benefit small producers more than major companies. The sliding scale has been advocated by Sen. William Proxmire, D-Wis., a vocal and persistent critic of big oil firms.

Another example is the contention by some independent producers that they should share directly in the benefits of the oil import program. (At present, the Interior Department's Oil Import Administration parcels out quotas for foreign oil only to refineries and to petrochemical firms, which also seek a greater share of imports.) The Liaison Committee of Cooperating Oil and Gas Associations, representing these state and area producers, has a new Washingon lobbyist—Elmer L. Hoehn, who served as oil import administrator during the Johnson Administration.

Competition among major oil companies for special federal benefits also has upset the industry. The current oil import review, for example, was brought on in part by quotas granted during the Johnson Administration to a Phillips Petroleum Co. refinery in Puerto Rico and a Hess Oil Co. refinery in the Virgin Islands. Then, Occidental Oil Corp. in 1968 sought a 100,000 barrel-a-day quota for a proposed foreign trade zone at Machiasport, Maine.

These exceptions to the allocation formula threatened the orderly distribution of quotas. And on Feb. 5, 1969, the American Petroleum Institute asked the incoming Administration to review the import program, presumably as a way of blocking the Machiasport project. But the review has taken on broader aspects, to the dismay of the industry.

Lobby groups: Chief trade association for major oil firms is the American Petroleum Institute, which serves as a statistical and technological clearinghouse for petroleum matters in addition to presenting industry views in Washington. Headquartered in New York, the institute has 8,000 members, a staff of 250, an annual budget of about $5 million and offices in Dallas, Los Angeles and Washington. Its president is former Rep. Frank N. Ikard, D-Tex. (1951-61), a former member of the House Ways and Means Committee.

Another major lobbying force is the Independent Petroleum Association of America, with some 5,000 members. Its immediate past president is Harold M. McClure, Republican National Committeeman from Michigan, who has been quoted as saying he contributed $90,000 to political campaigns in 1968.

Regional and state associations—the Mid-Continent Oil and Gas Association, the Western Oil and Gas Association, the Texas Independent Producers and Royalty Owners Association and others—also maintain Washington representatives, as do other segments of the petroleum industry such as the Association of Oil Pipe Lines.

In addition, major oil companies maintain Washington offices, which generally are clustered along with association offices in the mid-town Connecticut Avenue section of the city.

The natural gas industry, which is closely tied to the oil industry, likewise is represented. One major association is the Independent Natural Gas Association, headed by former Rep. Walter E. Rogers, D-Tex. (1947–67).

Petroleum advisory group: The National Petroleum Council serves as an official bridge between industry leaders and the Interior Department, which is responsible for oil leasing, imports, petroleum research and other federal activities affecting the industry. Council members (107) are appointed by the Interior Secretary; current chairman is Jack H. Abernathy, president of the Big Chief Drilling Co. of Oklahoma City. The council's function is to advise the department—when asked to do so—about questions facing the industry.

A major council report this year on the continental shelf jurisdictional problem recommended that the United States claim seabed resources beyond the continental shelf and slope to the deep-ocean floor. The department (and the American Petroleum Institute) subsequently adopted similar positions.

Opposition: The New England area produces no oil and thus gains no royalty, tax or business benefits from production. But the region is a heavy consumer of petroleum products. It is one focal point for opposition to some current government policies affecting the industry. New Englanders have long complained in particular of high prices—and recurrent shortages—of heating oil, although industry spokesmen say markups by local dealers account for the high prices. Led by Sens. Edmund S. Muskie, D-Maine, and Edward M. Kennedy, D-Mass., and Rep. Silvio O. Conte, R-Mass., the area's congressional delegation has supported the Machiasport plan and attacked the import program and depletion allowance.

Other Northern liberals in Congress are unhappy with the industry for other reasons. Sen. Philip A. Hart, D-Mich., chaired hearings on import policies earlier in 1969 from his vantage point as chairman of the Senate Judiciary Antitrust and Monopoly Subcommittee.

Perhaps worst of all for the industry's public relations, one result of the "taxpayer's revolt" in 1969 has been to publicize petroleum's tax advantages as a symbol of inequity in the U.S. tax structure. House Ways and Means Committee Chairman Wilbur D. Mills, D-Ark., has called the proposed oil depletion allowances changes a symbolic gesture.

* * * * *

In addition to relying on old friends in and out of Congress to forestall changes in federal policies, the oil industry this year has tried to generate grassroots public support for the 27.5 per cent allowance in many ways: nationwide newspaper advertisements paid for by the new Petroleum Industry Information Committee in New York City; notices in Gulf Oil Corp. fuel bills; and letters in Texaco statements to stockholders, to cite a few examples. But these appeals apparently have met with little success.

However, the industry has lost many powerful defenders in the past few years, including former President (and Senate Majority Leader) Johnson and the late Senate Minority Leader Everett M. Dirksen, R-Ill.

The Ways and Means Committee itself was considered an industry bastion until it decided earlier in 1969 to reduce the oil depletion allowance to 20 per cent. Among those favoring the cut was Majority Whip Hale Boggs, D-La., who comes from the same state as Finance Committee Chairman Long.

Interior Secretary Walter J. Hickel, former GOP Governor of Alaska (1967–69), came to Washington billed as a friend of the industry. Following his stormy confirmation hearings in January, during which his connections with the industry were closely inspected, Hickel became embroiled in the Santa Barbara Channel oil pollution incident. Under obvious pressure from the public and mass media outlets, Hickel issued new controls on offshore drilling procedures and there has been talk in industry circles that he resorted to "overkill" in those regulations to rebut any suggestion that he is pro-industry.

Media coverage: The press—apart from trade publications and some oil-state newspapers—generally opposes the industry's positions editorially. The depletion allowance is customarily called a loophole despite industry protestations. *Fortune* magazine and *The Wall Street Journal* have joined other publications this year in questioning the purpose of the oil import program. Press and television coverage of the Santa Barbara Channel still damaged the industry's image. But widespread coverage of the SS Manhattan's Northwest Passage voyage and of oil developments on Alaska's North Slope may have restored some of oil's lost glamour.

MAJOR ISSUES FACING OIL INDUSTRY

Following is a capsule summary of major issues facing the oil and gas industry.

Imports: A Cabinet-level task force is reviewing the 10-year-old oil import control program, which restricts entry of cheap foreign crude to 12.2 per cent of domestic production in states east of the Rockies. The task force study is expected to be completed within a month. At stake: A system that assures domestic producers of a market, and costs consumers several billion dollars a year in higher petroleum product prices.

Taxes: The House has voted to reduce the oil depletion allowance, which allows oil companies an income tax deduction of 27.5 per cent of gross income from oil production up to a maximum of 50 per cent of net income from the oil property. The House set the depletion figure at 20 per cent. The Senate Finance Committee has approved a rate of 23 per cent and raised the net income limit for small operators (less than $3 million gross) to 65 per cent.

At stake: at least $400 million annually in higher industry taxes under the House bill; an estimated $155 million under the Finance Committee's approach which will be subject to attack on the Senate floor by oil industry critics.

Congress did not attempt to revise a tax benefit highly cherished by the oil industry: immediate write-offs for intangible drilling and development costs on oil property. Oil companies may deduct these costs in the year in which they occur, thereby often offsetting large amounts of income from other sources and usually enhancing the value of the depletion allowance for the oil property in subsequent years. Industry critics contend these costs should be capitalized and recovered through depreciation over several years as is done with a factory.

Pollution: The Senate and House have passed differing versions of legislation to make oil firms liable for the cost of cleaning up oil spills and blowouts such as the Santa Barbara Channel incident. The Interior Department has stiffened regulations covering offshore drilling and production to avert such accidents. Legislation has been introduced to subsidize the development of pollution-free automobiles. Air and water quality standards being established across the nation under federal review affect industry operations.

At stake: the question of how much money industry must pay to prevent and control pollution, and the future of the gasoline-burning internal combustion engine.

Alaska: Construction of the planned Trans-Alaska Pipeline System from the oil-rich North Slope to Alaska's south coast is being delayed by Senate and House Interior Committee reviews of possible environmental damage. Meanwhile, legislation is pending before the same committees to settle the land claims of Alaska's natives.

At stake: Development and shipment of petroleum from what appears to be the richest oil field in the United States, and ownership and royalty rights of that oil.

Continental shelf: A Johnson Administration task force on marine sciences suggested in January the formation of an international authority to regulate exploitation of the ocean floor—including oil and gas production. Similar suggestions are under study in the United Nations.

At stake: The question of where U.S. jurisdiction over the continental shelf stops and where the unclaimed ocean floor begins—and who will benefit from ocean floor exploitation.

Gas shortage: There have been widespread predictions within industry and government of a possible future shortage of natural gas. Interstate gas prices are regulated by the Federal Power Commission, which is now reexamining its pricing policies to determine their effect on exploration and production.

At stake: Markets and prices for natural gas, in which oil firms have major interests.

OIL INDUSTRY DISSATISFIED WITH IMAGE

Oil industry spokesmen believe the public has a mistaken idea about the petroleum industry and its work. Following are excerpts from a recent speech by Michel T. Halbouty, Houston oil producer, engineer, banker and former president of the American Association of Petroleum Geologists. The speech was printed Sept. 26, 1969, in the *Oil Daily*.

"We have paid our dues to the IPAA, the API, the Mid-Continent Oil and Gas Association, and to other similar organizations and we expected them to inform the Administration and the Congress of the facts. In the process, those associations have done an excellent job in some areas, and many dedicated oilmen have served them with distinction.

"Failure in communication

"But that has been too little by too few. These organizations simply failed to inform and educate the public properly. Frankly, all of us took it for granted that our little red house would never be blown down by those howling wolves. So we find ourselves b hind the eight ball. We now see depletion being hammered down. We see serious attacks being made on other incentives. The mandatory import program is in trouble . . .

"The shortcoming in our own case has been a lack of communication with the people who really count in this country—the people who vote.

"Of course, we have put out the usual standard propaganda—most of it aimed at protecting depletion—and expected it to be swallowed whole. But we have not gone to the public with our story. Full page advertisements advocating the depletion percentage are a nuisance and an affront to the average citizen. They are not even read . . .

"Understanding the industry

"We have done little to tell the history of oil and gas or the industry or the men who have made it. We have said little about how this industry ignited and sustained the age of liquid fuel and thereby helped life the shackles of toil from labor.

"We simply haven't put this information out properly, without wrapping it in a package which had the sign, "support depletion," on the outside. The people would automatically support depletion if they knew what our industry means to them. We would not have to ask them to do so . . .

"So, we look to Washington for help. . .

"Situation in 1969

"What is happening this year is the answer to that question. When the pressures from home, whether sincere or inspired, get high enough, the elected officials in Washington respond, irrespective of the excellence of oil's representation or even the good of the country.

"The pressures from home have been unduly heavy in favor of doing something about depletion and other incentives. Most of this has come from the heavy-consuming states, but a surprising amount has also come from oil states. And there has been relatively little response to appeals by the industry for letters asking for a continuation of oil tax incentives, despite the flood of suggestions to gasoline users, royalty owners, landowners and stockholders in brochures, company magazines, mail inserts, and other equally ineffective forms.

"New industry image

"Why ineffective? The medium is wrong. (Prof.) Marshall McLuhan, the famous communications specialist (of the University of Toronto), says the medium is the message. Oil company appeals and literature to captive audiences, already sold on the idea for selfish reasons, are necessary, but that falls far short of being sufficient.

"The press, in most instances, where it has commented at all, has been opposed to present industry tax incentives. Much of this comment has been totally unobjective; the remainder has been largely uninformed, misinformed, emotional, or naive. But it gets to the public.

"The simple fact is that no one outside the oil industry understands depletion, and no one in the oil industry has successfully explained it.

"But even worse than this is the fact that no one outside the oil industry understands the industry or appreciates it, and no one inside the oil industry has succeeded in telling the industry's story, and, frankly, too many people in the industry don't know the story themselves."

JESSE KUHAULUA

Mr. FONG. Mr. President, 5 years ago a young man left his native State of Hawaii bound for the Far East. He had decided to take up sumo wrestling, a little known art in the Western World, but a sport followed by millions in Japan.

Sumo wrestling is an ancient sport and an art mastered by few. Jesse Kuhaulua, born and raised on the island of Maui in the State of Hawaii, is one of a tiny group of foreigners who have tried to penetrate the world of sumo wrestling, and he has gone higher than any other foreign competitor before him.

To accomplish this, Kuhaulua maintained an extraordinary self-discipline. At the same time, he became a man of incredible strength and agility, to the extent that he now is one of Japan's 10 top-rated sumo wrestlers who is being recommended as a model for diligent training.

I ask unanimous consent that the text of two articles, an editorial from the Honolulu Star-Bulletin, and an item from the Japan Times, in Tokyo, both of which laud this unusually talented young citizen of Hawaii and the United States, be printed in the RECORD.

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

[From the Honolulu Star-Bulletin]

MAUI'S SUMO STAR

Jesse Kuhaulua, the Maui boy who decided to take up Japan's ancient sport of sumo wrestling, is now one of the top 10 rated wrestlers in Japan.

Since no foreigner has ever before gone so high, this is a special point of pride to Hawaii and his friends here—but so is the way he has gone about it.

Jesse, who wrestles under the name of Takamiyama, has won the attention and admiration of millions of sumo fans in Japan, who follow the televised matches as avidly as Americans follow baseball or football.

What many Japanese think of him is summarized in the editorial from the English-language Japan Times reproduced on this page.

[From the Japan Times]

KUDOS FOR JESSE KUHAULUA

When Jesse Kuhaulua first came to Japan from his native Maui five years ago and announced he was here to become a "rikishi," who of us believed that he would last out the year? After all, the world of "sumo" is a feudalistic realm all its own, which exists only in a very small corner of Japan.

The rikishi lives, eats and sleeps sumo 24 hours a day. Its foods, its customs, and its traditions are entirely foreign, even to most Japanese today.

The life of a novice is a lonely one. He is a servant and slave to his seniors. Many young Japanese tried to make a life for themselves in that strange world, but found that its trials and tribulations were not for members of their affluent generation. Nisei youngsters came from the United States to try their luck and returned home defeated by the environment.

For Jesse, or Takamiyama, it was "total immersion" on a scale which even the institution that coined the phrase may not have imagined. Who knows what loneliness and bitterness he must have suffered? But if he ever lost his sense of humor, or his dignity, the public has never been aware of it. Patiently, he has worked to improve himself and in the process, he has won the respect and liking of sumo fans all over Japan.

In the tournament just ended, he fought as a "sanyaku" for the first time. This is a particularly high ranking, and Jesse is the first non-Oriental foreigner to go up so high in this traditional Japanese sport. In winning a majority of his bouts, he proved that his "komusubi" listing was no fluke. By dint

of hard training, Jesse had finally overcome a weakness in his underpinnings; he has learned not to lose his balance.

A top sumo commentator has suggested that other wrestlers should make him their model for diligent training and has predicted Jesse will go even farther up the sumo ladder.

The important thing is that he has established a place for himself in the strange and difficult world of sumo. And in the process, he has made a lasting impression on the Japanese—and we can be as cynical and as snide as any other people—with his character and demeanor. He is a credit to the people of Hawaii and the United States.

ERNEST GRUENING: VOICE OF WISDOM AND COURAGE ON VIETNAM

Mr. McGOVERN. Mr. President, no man in America has any more right to be proud of his record of courage and wisdom on the issue of Vietnam than former Senator Ernest Gruening. He was not only one of the very earliest critics of our disastrous Vietnam policy, but he has been one of the most consistent and articulate exponents of peace in Vietnam.

Any one of scores of speeches and articles by Senator Gruening could have saved the lives of tens of thousands of people if it had been heeded by our policymakers. He has again spoken out in the recent November moratorium, calling us away from the folly of Vietnam.

I ask unanimous consent that the text of his address be printed in the RECORD.

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

ADDRESS BY ERNEST GRUENING: PRESIDENT NIXON'S PLAN TO END THE WAR IS A PLAN TO PERPETUATE IT

During his campaign for the Presidency, Candidate Nixon promised the American people that he would stop the war in Vietnam, but that he couldn't reveal his plan at that time. He had to keep it secret, he said, so as not to interfere with the Paris peace talks.

Now his highly suspense-publicized plan to end the war is just the opposite.

Far from being a program to end this unjustifiable, needless, illegal, immoral and monstrous war, it is a blue print to prolong and even to perpetuate it.

That war—and it has been stealthily spread to Laos and Thailand—will *not* be ended as long as President Nixon remains in office. At least it will not be ended by him. It will be ended only by an uprising of the American people, of which let us hope, the demonstrations begun on October 15 and continued today, tomorrow, the day after tomorrow, and as long as may be necessary, put an end to the obscene carnage in Southeast Asia.

For make no mistake. Under Nixon's plan our boys will continue to die, and they will die in vain, just as have the 40,000 fine Americans already killed in combat, and many more will be maimed and crippled like the quarter of a million already wounded, many of whom are blinded, armless, legless, paralyzed.

It was until now Mr. Johnson's war, a war into which the American people were lied and tricked.

It will henceforth be also Mr. Nixon's war, and indeed he repeats the same old falsehoods with which the American people have been misled for the last six years.

For it should be made unmistakably clear that the reasons for our being militarily in Southeast Asia, alleged by President Johnson six years ago and now repeated by President Nixon, are devoid of truth.

It is *not* true as alleged by President Johnson in his State of the Union Message in January 1965 and repeated in his Johns Hopkins speech, and now re-echoed by President Nixon, that we are there because a friendly people asked us to help them repeal aggression. The record is wholly bare of any such request. On the contrary, we asked ourselves in.

The truth is that President Eisenhower offered economic aid and only economic aid to our puppet Diem, but surrounded that offer with conditions which were never fulfilled. No military aid was asked for and none was given by President Eisenhower.

The truth is that we invaded Vietnam unilaterally in violation of all existing treaties—the United Nations Charter, the SEATO Treaty and the pledge to support the Geneva Accords and hold nation-wide elections—and when we started bombing North and South, it was we, the United States, who became the aggressor.

In his campaign for the Presidency in 1964, President Johnson pledged not once, but repeatedly, that he would not send American boys to fight in a ground war on the continent of Asia; pledged not once, but repeatedly, that he would not send American boys to do the fighting that Asian boys should be doing. Yet while he was making these solemn promises to the American people—pledges on the basis of which he was swept into office—plans were being matured in the Pentagon to do just what he had pledged not to do.

Now we know also that the Tonkin Gulf incident of August 1964 was spurious, and that by its misrepresentation to the Congress in the resolution drafted in the White House giving President Johnson a blank check to use American troops as he saw fit anywhere in Southeast Asia, he hornswoggled the Congress—with only two dissenting votes—into giving him that power.

These facts, first disclosed in hearings of the Senate Foreign Relations Committee last year, and now detailed in Joe Goulden's recently published book "Truth is the First Casualty" reveal that the version presented to the American people by President Johnson in a nation-wide televised address and then to the Congress, was false.

The U.S. destroyer, "Maddox", far from being on a routine patrol mission in international waters, was first, a spy ship like the "Pueblo", second, she had penetrated the coastal waters of North Vietnam, third, that at that very time, a raid by South Vietnamese vessels, supplied and directed by us, was taking place on North Vietnamese ports, and fourth, that the "Maddox" had instructions to try to draw away some of the defending North Vietnamese vessels. In other words, she was, from the North Vietnamese standpoint, engaged in hostile operations and they were justified in firing on her. Yet none of their shots hit her. The further allegation that on the next day there was another attack on the "Maddox" and on another American destroyer, the "C. Turner Joy," also proved untrue. In this deception every concerned important U.S. official collaborated—President Johnson, Secretary of State Dean Rusk, Secretary of Defense Robert McNamara, the brothers Bundy, the Gebrüder Rostow, and the high naval command in the Pacific.

President Nixon's plan revealed on November third, if viewed in the most favorable light possible, is nullified by innumerable escape clauses:

"The rate of withdrawal" says President Nixon "will depend on developments on three fronts."

That means that there will be three alibis.

One of those three, he says, "is the progress which may be made in the Paris talks."

Well it's obvious there will be no progress in the Paris talks, and I repeat my oft uttered conviction that there will be no peace by negotiation, for our opponents feel there is nothing to negotiate. They have made that abundantly clear.

"Another factor," says President Nixon, "is the progress of the training program of the South Vietnamese forces." Well, the high rate of desertions from those forces does not augur well for speedy progress; nor is it likely that President Thieu has any eagerness to hasten the American pull-out. Nor has the Pentagon.

Then President Nixon sounds another "note of caution," namely "If the level of enemy activity significantly increases we might have to adjust our time-table accordingly" and to emphasize this hazard further, President Nixon says "If I conclude that increased enemy action jeopardizes our remaining forces in Vietnam, I shall not hesitate to take strong and effective measures to deal with that situation." In other words, he'll send back more troops, resume bombing or whatever.

Well, of course, enemy action is not going to subside, as Ho Chi Minh's letter to President Nixon in reply to his—both released in connection with President Nixon's speech—makes clear. Our adversaries consider that the United States is the intruder, the invader, the aggressor, and they intend to fight for their nation's freedom from foreign control, for independence and for self-determination.

On top of all this hedging are the statements of Defense Secretary Laird, that even after we pull out, we'll have to leave some troops there to keep on training the South Vietnamese. This rigmarole will go on indefinitely.

Let us now turn to another aspect of President Nixon's program. He asserts that the only thing that is not negotiable is "the right of the people of South Vietnam to determine their own future."

That's a fine sentiment, but its implementation as seen on the one hand by President Nixon and on the other hand not only by the South Vietnamese of the National Liberation Front, but by those non-communist South Vietnamese whom Thieu and Ky jailed after the last election, represent a divergence as wide as the distance between the poles. Nixon's program will fasten the corrupt and oppressive dictatorship of Thieu and Ky on the people of South Vietnam. There will be no true self-determination. Moreover, South Vietnam itself has no juridical validity. It was created by the force of American arms and money in violation of our specific pledges. Everyone of its regimes from Diem—our first puppet—on, has been kept in office by our armed might and money. Our imposition of these characters upon the South Vietnamese people has made our allegations that we are there to free the South Vietnamese, a grotesque mockery.

Nor can we on the basis of past performance, put any faith in the numbers game of troop withdrawals. The week after President Nixon announced the withdrawal of 25,000 men—in itself a miniscule figure—the draft call was for 29,000.

And why, if President Nixon wants to scale down our military commitment, does he not suspend the draft for the duration? Instead he and some misguided Senators and Representatives urge reforming the draft law. It can't be reformed. What difference does it make whether our young men are selected by lot or by any other method to become cannon fodder in an unjustifiable war? It is the draft itself that is the atrocity and the injustice.

Consider that under it our young men are asked to fight in a war they consider immoral, to kill people against whom they feel no grievance, maybe get killed or maimed in the process, with the alternative if they follow their conscience and refuse, to go to

jail for five years at hard labor, thereby probably ruining their future career in civilian life. This is an infamous dilemma to which no American, or indeed no member of a society that calls itself free, should be subject. I have never been able to see why the Thirteenth Amendment to the Constitution does not apply to the draft. Let me quote it:

"Neither slavery, nor involuntary servitude except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States or any place subject to their jurisdiction."

What is the draft for this war to those who object to it, but involuntary servitude, and where the refusal to serve brings more involuntary servitude? Please note that the draftees are the only ones subject to it. Those who enlisted voluntarily in one of the Armed Services—Army, Air Force, Navy or Marine Corps—committed themselves when they took their oath of enlistment. Even if they now feel, as I and an ever-increasing number of Americans feel about the war, they have made their commitment voluntarily to go wherever they are sent. The draftees have no such choice. That is why I tried twice, while in the Senate, to amend the Selective Service Act to provide that service in Southeast Asia be voluntary. Of course, it did not pass.

This calls attention to the responsibility of Congress in this war. For while we not unjustifiably continue to call this Johnson's war and now Nixon's war, the Congress also shares in the responsibility. It could end this war far more speedily than President Nixon will by refusing to vote for the authorizations and appropriations for this war in Southeast Asia. They would be thereby exercising their constitutional authority of control over the purse. Now would they thereby, as might be alleged, be failing to "back our boys." They would instead be helping to bring the boys back home. Actually, there is enough in the pipeline to carry on for a year or more if not a cent were voted.

There are now movements in both Senate and House to endorse President Nixon's plan, whatever it turns out to be. Let me say that any Member of the Senate and House who so votes will have the blood of every boy who dies down there henceforth, on his head.

Let us not forget that unlike World War I and World War II when our nation was imperiled and when a vital American interest was jeopardized this is not the case in *this* war. Had our nation been attacked as it was at Pearl Harbor in 1941, and when our security was at stake, the American people would have rallied to our country's defense almost to the last man. That is why the Administrations, past and present, have had to resort to mendacious propaganda to make the American people believe otherwise.

Actually our misguided policies have defeated the very objectives they allege we seek.

If our objective had been truly to achieve self-determination for the Vietnamese we would have supported the Geneva Accords as we pledged to do, and allowed the elections for all Vietnam to take place.

If our objective, as alleged, was to halt Chinese southward expansion we would not have sought to destroy the buffer State of North Vietnam, hostile to the Chinese for over a millenium; we would instead have supported Ho Chi Min who not only would have fought any Chinese invaders, as he did the French, the Japanese, and now the Americans, but we would have created a state like Tito's Yugoslavia which the United States supported because while communist, it was not part of what was then called the "Communist Conspiracy."

Actually our policy, instead of defeating communism has laid the groundwork for it in Vietnam where the bombing and slaughter of thousands of non-combatants, the burning of their villages, and the making of millions of refugees, will not endear us or those we have supported in power. What nation will ever again want to be saved by us?

Indeed if the rulers of Russia and China had wanted to devise a policy that would bring us down, they could not have done better than what we have to ourselves. For while we have wrought death and destruction abroad, we have thereby fostered decay and deterioration at home. While we pour our billions into killing in Southeast Asia our long overdue domestic needs go unattended.

Now the only test of a policy proclaimed as one to end the war is whether it will prevent more casualties. It is ghastly to hear the cheerful official releases that only 69 were killed last week. Everyone of them was a mother's son. Every death is one too many.

What is the alternative?

It is to be found in one proposed by a most distinguished Republican, a great American, the senior member of his party in the Senate, George Aiken of Vermont; namely to declare that we have won the war, and get out—NOW!

That would indeed be victory, a stirring demonstration that a great nation can admit by its actions that it has erred, that it will no longer pursue a policy of unrelieved disaster, that it will no longer betray America's finest, noblest, traditions, professions and practices.

Is it not high time that we returned to sanity, that we revert to an America whose historic concern, despite occasional lapses, was for the life, liberty and pursuit of happiness of our own as well as of other people, and whose military mission is one of *defense* of our country and not global policing, with offensive action any where at the behest of the executive?

My friends, it is heartening that Americans, young and old, are to-day again mobilizing to try to put an end to this tragic and shameful involvement. We must all continue to work to achieve that result, and to turn the course of history back to where our country's policies were those we could, as we once did, esteem, love and cherish.

SEGREGATION IN THE SCHOOL DISTRICTS OF ILLINOIS

Mr. STENNIS. Mr. President, according to the 1968–69 HEW school survey, Illinois had a total of 1,920,984 students in the elementary and secondary public schools. Of this total, 1,448,168—or 73.3 percent—were white students; 398,257—or 20.7 percent—were Negro; and the remaining 4 percent—including 3.4 percent Spanish-speaking Americans—were students from other minority groups.

The HEW's IBM racial data on the 1968–69 school survey reflects that there are 25 cities, or school districts, in Illinois having one or more schools where Negro students make up over 80 percent of the school enrollment. However, in these 25 cities, or school districts, there are 364,894 Negro students, or 91.6 percent of all the 398,257 Negro students enrolled in public schools in Illinois.

The extent to which the Negro students in these public schools are segregated is indicated by the fact that in these 25 school districts there are 333,131—or 83.6 percent—of the total Negro enrollment in Illinois public schools enrolled in 322 schools that are 80 to 100 percent Negro and, of this group, there are 319,504, or 80.2 percent of the total Negro enrollment in the State in 279 schools that are 90 to 100 percent Negro segregated. What is more, 303,406 of these Negro students, or 76.2 percent of the total Negro enrollment in the State are in 284 schools, in 21 cities, that are 95 to 100 percent segregated, and there are 265,812 of these Negro students, or 66.7 percent—two-thirds—of all the Negro students in the public schools of Illinois in 246 schools, in 14 cities or districts, that are 99 and 100 percent Negro segregated.

On previous occasions I have talked about racial segregation in Chicago, where 248,677, or 80.6 percent, of its 308,266 Negro student enrollment are attending schools which are 99 and 100 percent Negro, and where 90 percent of the total Negro enrollment of the city are in schools between 90 and 100 percent Negro—but you can take almost any one of the 25 cities or school districts in Illinois which contain 91.6 percent of all the Negro students in the State and, whether the particular school district has a 10-percent Negro enrollment, a 16-percent Negro enrollment, an 18-percent Negro enrollment, a 9-percent Negro enrollment, or a considerably higher Negro enrollment, you will find all-Negro schools or schools that are nearly all Negro—and this means, and the HEW's IBM data on these schools will show, that at the opposite end there is just as much segregation of the white students.

For example, in Chicago, where the white-student enrollment is 219,478, or 37.7 percent of the total, and the Negro-student enrollment is 309,260, or 52.9 percent of the total, only 9,628, or 4.4 percent of the Negro students go to majority white schools and only 25,128, or 11.4 percent of the white students attend schools that have a minority group enrollment of over 50 percent.

In Maywood, Ill., which has a total public school enrollment of 6,396, 48.1 percent of which is white and 44.7 percent of which is Negro, 65.8 percent of the Negro students are in two schools which are between 99 and 100 percent Negro.

In the district of Blue Island, Ill., which has a total enrollment of 6,587, of which 81.8 percent are white students and 16.3 percent are Negro, there is one school with an enrollment of 613, or 57 percent of the total Negro enrollment in the district, which is 100 percent Negro.

Blue Island District No. 130, with a total enrollment of 3,579, 81 percent of which is white and 10.5 percent of which is Negro, has one school comprised of 57.3 percent of the total Negro enrollment that is 100 percent Negro.

Harvey, Ill., District No. 152 has a total public school enrollment of 3,573, which is 74.25 percent white and 24.6 percent Negro, but it has one school comprised of 48.6 percent of the total Negro enrollment which is 100 percent Negro segregated. There are only 241, or 9.1 percent, of the white students attending major Negro schools, and only 166,

or 18.8 percent of the total Negro students attending majority white schools.

In Kankakee public schools, where the Negro enrollment is 19.4 percent of the total, 36.9 percent of the Negro students are in one school which is 97.1 percent Negro segregated.

I bring these figures to the attention of the Senate to show illustrations of the fact that the enforcement of the integration demand of HEW is not a national pattern. These facts show the pattern applies almost exclusively to the Southern States with virtual immunity granted to all other States regardless of rank segregation in many areas of these favored States. Additional figures will be supplied later.

I ask unanimous consent to have the information relating to Illinois printed in the RECORD.

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

ILLINOIS STATE TOTAL

[Number of districts: 473 Representing: 832. Number of schools: 3,220. Representing: 4,187]

	American Indian	Negro	Oriental	Spanish American	Minority total	Others	Total
Students	1,616	398,257	6,494	66,449	472,816	1,448,168	1,920,984
Representing	1,804	406,349	6,893	68,916	483,962	1,768,301	2,252,243
Teachers	13	8,778	157	194	9,142	66,418	75,560
Representing	17	8,983	165	215	9,381	80,580	89,960

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT

DISTRICT: COMMUNITY HIGH SCHOOL DISTRICT 218. NUMBER OF SCHOOLS: 6. REPRESENTING: 6. CITY: BLUE ISLAND. COUNTY: 16. COOK COUNTY. ASSURANCE: 441

	Students—							Weight:	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total	1.0—grades	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Number	14	1,076	2	106	1,198	5,389	6,587		0	36	0	2	38	223	261
Percent	0.2	16.3	0.0	1.6	18.2	81.8	100.0		0.0	13.8	0.0	0.8	14.6	85.4	100.0
Dwight D. Eisenhower High SE Building (3).	0	613	0	0	613	0	613	00000000011000 (100.0)	0	23	0	0	23	6	29
Dwight D. Eisenhower High School Cam. No. 1 (1).	0	430	0	43	473	1,083	1,556	00000000000110 (30.4)	0	6	0	1	7	59	66
Dwight D. Eisenhower High Old Main Building (4).	0	32	1	50	83	1,207	1,290	00000000011000 (6.4)	0	3	0	0	3	40	43
Harold L. Richards High NW Building (2).	14	0	0	5	19	786	805	00000000011000 (2.4)	0	2	0	0	2	28	30
Harold L. Richards High Campus II Building (6).	0	1	1	5	7	1,359	1,366	00000000000110 (0.5)		1	0	0	1	59	60
Harold L. Richards High NE Building (5).	0	0	0	3	3	954	957	00000000011000 (0.3)		1	0	1	2	31	33

DISTRICT: BLUE ISLAND PUBLIC SCHOOL DISTRICT 130. NUMBER OF SCHOOLS: 10. REPRESENTING: 10 CITY: BLUE ISLAND. COUNTY: 16. COOK COUNTY

Number	0	375	5	301	681	2,898	3,579		0	30	1	0	31	87	118
Percent	0.0	10.5	0.1	8.4	19.0	81.0	100.0		0.0	25.4	0.8	0.0	26.3	73.7	100.0
Horace Mann (6)	0	215	0	0	215	0	215	00111111000000 (100.0)	0	6	0	0	6	1	7
Sanders School (8)	0	0	0	53	53	95	148	00111111000001 (35.8)	0	1	0	0	1	5	6
Lincoln School (7)	0	0	0	71	71	157	228	01111111000000 (31.1)	0	1	0	0	1	6	7
Blue Island Junior High School (10).	0	91	2	63	156	524	680	00000000100000 (22.9)	0		1	0	6	24	30
Whittier School (9)	0	0	0	47	47	354	401	01111111000000 (11.7)	0	2		0	2	11	13
Paul Revere (3)	0	3	0	38	41	391	432	01111111000000 (9.5)	0	3	0		3	10	13
Nathan Hale Intermediate (5).		24	2	6	32	371	403	00000111000001 (7.9)	0	4	0	0	4	9	13
Nathan Hale—Primary (4).	0	40	1	16	57	713	770	01111000000001 (7.4)	0	7		0	7	15	22
Greenwood (2)	0	0	0	7	7	178	185	01111000000000 (3.8)	0	1	0	0	1	3	4
Greenbriar (1)	0	2	0	0	2	115	117	01111000000000 (1.7)	0	0	0	0	0	3	3

DISTRICT: CHICAGO HEIGHTS SCHOOL DISTRICT NO. 1/70. NUMBER OF SCHOOLS: 13. REPRESENTING: 13. CITY: CHICAGO HEIGHTS. COUNTY: 16. COOK COUNTY

Number	6	1,779	5	542	2,332	2,774	5,106		0	56	0	0	56	130	186
Percent	0.1	34.8	0.1	10.6	45.7	54.3	100.0		0.0	30.1	0.0	0.0	30.1	69.9	100.0
Franklin (5)	0	758	0	12	770	0	770	01111111000000 (100.0)	0	23	0	0	23	3	26
Lincoln (3)	0	471	0	13	484	0	484	01111111000000 (100.0)	0	13	0	0	13	5	18
Washington Junior High (6).	0	267	1	74	342	329	671	00000111000000 (51.0)	0	10	0	0	10	17	27
Garfield (4)	0	22	0	138	160	201	361	01111111000001 (44.3)	0	2	0	0	2	11	13
Washington Junior High (2).	0	154	0	47	201	258	459	00000000100000 (43.8)	0	3	0	0	3	19	22

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO HEIGHTS SCHOOL DISTRICT NO. 1/70. NUMBER OF SCHOOLS: 13. REPRESENTING: 13. CITY: CHICAGO HEIGHTS. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Jefferson (11)	0	77	0	65	142	191	333	011111110000000 (42.6)	0	1	0	0	1	10	11
McKinley (1)	5	10	0	89	104	234	338	011111110000000 (30.8)	0	3	0	0	3	10	13
Grant (10)	0	4	0	62	66	230	296	011111110000000 (22.3)	0	0	0	0	0	9	9
Roosevelt (13)	0	14	0	29	43	284	327	011111110000001 (13.1)	0	0	0	0	0	13	13
Wilson (12)	1	0	2	11	14	385	399	011111110000000 (3.5)	0	0	0	0	0	11	11
John F. Kennedy (7)	0	1	2	2	5	245	250	011111110000000 (2.0)	0	1	0	0	1	6	7
Greenbriar (8)	0	1	0	0	1	275	276	011111110000001 (0.4)	0	0	0	0	0	11	11
Highlands (9)	0	0	0	0	0	142	142	011111000000000 (0.0)	0	0	0	0	0	5	5
DISTRICT: BOARD OF EDUCATION SCHOOL DISTRICT 169. NUMBER OF SCHOOLS: 3. REPRESENTING: 4. CITY: EAST CHICAGO HEIGHTS. COUNTY: 16															
Number	0	1581	0	104	1,685	9	1,694		0	72	0	0	72	3	75
Percent	0.0	98.3	0.0	6.1	99.5	0.5	100.0		0.0	96.0	0.0	0.0	96.0	4.0	100.0
Woodlawn (2)	0	562	0	21	583	0	583	011111100000000 (100.0)	0	24	0	0	24	0	24
Medgar Evers (1)	0	504	0	17	521	3	524	000000011100001 (99.4)	0	23	0	0	23	1	24
Cottage Grove (3)	0	515	0	66	581	6	587	011111100000001 (99.0)	0	25	0	0	25	2	27
DISTRICT: HARVEY PUBLIC SCHOOL DISTRICT NO. 152. NUMBER OF SCHOOLS: 8. REPRESENTING: 8. CITY: HARVEY. COUNTY: 16. COOK COUNTY															
Number	0	879	4	38	921	2,652	3,573		0	45	0	0	45	101	146
Percent	0.0	24.6	0.1	1.1	25.8	74.2	100.0		0.0	30.8	0.0	0.0	30.8	69.2	100.0
Riley Elementary School (5).	0	427	0	0	427	0	427	011111111100000 (100.0)	0	15	0	0	15	4	19
Emerson Elementary School (2).	0	286	0	10	296	241	537	011111111100001 (55.1)	0	13	0	0	13	6	19
Lowell-Longfellow Elementary School (4).	0	135	0	12	147	413	560	011111111100001 (26.3)	0	5	0	0	5	20	25
Holmes Elementary School (8).	0	16	0	2	18	319	337	011111110000000 (5.3)	0	5	0	0	5	15	20
Whittier Elementary School (7).	0	2	4	5	11	460	471	011111111100000 (2.3)	0	2	0	0	2	15	17
Sandburg Elementary School (6).	0	10	0	0	10	425	435	011111111100001 (2.3)	0	2	0	0	2	15	17
Bryant Elementary School (1).	0	3	0	7	10	589	599	011111111100000 (1.7)	0	3	0	0	3	18	21
Field Elementary School (3).	0	0	0	2	2	205	207	011111100000000 (1.0)	0	0	0	0	0	8	8
DISTRICT: MAYWOOD, MELROSE PARK, AND BROADVIEW 89. NUMBER OF SCHOOLS: 10. REPRESENTING: 10. CITY: MAYWOOD. COUNTY: 16. COOK															
Number	1	2,862	24	188	3,075	3,321	6,396		0	62	1	0	63	172	235
Percent	0.0	44.7	0.4	2.9	48.1	51.9	100.9		0.0	26.4	0.4	0.0	26.8	7.32	100.0
Washington (10)	0	805	0	8	813	2	815	011111111100000 (99.8)	0	16	0	0	16	13	29
Irving (3)	0	1,077	1	1	1,079	8	1,087	011111111100000 (99.3)	0	25	0	0	25	12	37
Emerson (1)	0	375	2	31	408	328	736	011111111100000 (55.4)	0	4	0	0	4	23	27
Melrose Park (7)	0	191	3	93	287	285	572	011111111100000 (50.2)	0	3	0	0	3	19	22
Roosevelt (8)	0	144	9	9	162	365	527	011111111100000 (30.7)	0	2	0	0	2	16	18
Garfield (2)	0	244	3	5	252	723	975	011111111100000 (25.8)	0	7	1	0	8	27	35
Lincoln (6)	1	7	1	32	41	414	455	011111111100000 (9.0)	0	4	0	0	4	14	18
Stevenson	0	14	4	9	27	575	602	011111111100000 (4.5)	0	0	0	0	0	25	25
Lexington (5)	0	3	1	0	4	151	155	011111000000000 (2.6)	0	1	0	0	1	4	5
Jane Addams (4)	0	2	0	0		470	472	011111111100000 (0.4)	0	0	0	0	0	19	1
DISTRICT: POSEN-ROBBINS SCHOOL DISTRICT 143½. NUMBER OF SCHOOLS: 9. REPRESENTING: 9. CITY: POSEN. COUNTY: 16. COOK COUNTY															
Number	0	2,156	2	11	2,169	742	2,911		0	64	0	0	64	37	101
Percent	0	74.1	0.1	0.4	74.5	25.5	100.0		0	63.4	0	0	63.4	36.6	100.0
Turner School (2)	0	352	0	0	352	0	352	001111110000000 (100.0)	0	10	0	0	10	2	12
Kellar School (3)	0	625	0	0	625	3	628	000000011100000 (99.5)	0	11	0	0	11	9	20
Lincoln School (1)	0	500	0	0	500	3	503	001111100000000 (99.4)	0	15	0	0	15	3	18

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: POSEN-ROBBINS SCHOOL DISTRICT 143½. NUMBER OF SCHOOLS: 9. REPRESENTING: 9. CITY: POSEN. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight:	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total	1.3—grades	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Childs School (4)	0	253	0	0	253	3	256	001111100000000 (98.8)	0	8	0	0	8	2	10
Lemon School (5)	0	183	0	0	183	30	213	001111110000000 (85.9)	0	5	0	0	5	3	8
Gordon School (7)	0	100	1	4	105	173	278	000000001100000 (37.8)	0	5	0	0	5	5	10
Posen Elementary School (8).	0	91	0	5	96	223	319	001111110000000 (30.1)	0	6	0	0	6	6	12
Harding School (9)	0	18	1	2	21	106	127	000000110000000 (16.5)	0	1	0	0	1	3	4
Ziebell School (6)	0	34	0	0	34	201	235	001111110000000 (14.5)	0	3	0	0	3	4	7
DISTRICT: DISTRICT 151 SOUTH HOLLAND. NUMBER OF SCHOOLS: 6. REPRESENTING: 8. CITY: SOUTH HOLLAND. COUNTY: 16															
Number	1	846	11	10	868	1,737	2,605		0	35	0	0	35	62	90
Percent	0.0	32.5	0.4	0.4	33.3	66.7	100.0		0.0	36.1	0.0	0.0	36.1	63.9	100.0
Kennedy Elementary School (2)	0	309	0	0	309	8	317	011100000000000 (97.5)	0	7	0	0	7	4	11
Coolidge Upper Grade Center (4).	0	177	7	2	186	349	535	000000001100000 (34.8)	0	7	0	0	7	13	20
Taft Elementary School (6).	1	116	1	7	125	264	389	011111110000000 (32.1)	0	7	0	0	7	10	17
Roosevelt Elementary School (5).	0	101	0	0	101	327	428	011111110000000 (23.6)	0	3	0	0	3	13	16
Madison Elementary School (3).	0	78	0	0	78	321	399	011111110000000 (19.5)	0	5	0	0	5	10	15
Eisenhower Elementary School (1).	0	65	3	1	69	468	537	011111110000000 (12.8)	0	6	0	0	6	12	18
DISTRICT: COOK COUNTY SCHOOL DISTRICT 104-ARGO SUMMIT COMMON. NUMBER OF SCHOOLS: 4. REPRESENTING: 5. CITY: ARGO. COUNTY: 16. COOK COUNTY															
Number	0	534	3	109	646	1,272	1,918		0	12	0	0	12	56	68
Percent	0.0	27.8	0.2	5.7	33.7	66.3	100.0		0.0	17.6	0.0	0.0	17.6	82.4	100.0
Argo (3)	0	239	0	1	240	5	245	011111110000000 (98.0)	0	4	0	0	4	7	11
Graves (1)	0	285	1	90	376	576	952	011111111100000 (39.5)	0	4	0	0	4	28	32
Walsh (2)	0	10	2	18	30	462	492	011111110000000 (6.1)	0	2	0	0	2	14	16
Walker (4)	0	0	0	0	0	229	229	011111110000000 (0.0)	0	2	0	0	2	7	9
DISTRICT: WEST HARVEY SCHOOL DISTRICT 147. NUMBER OF SCHOOLS: 6. REPRESENTING: 8. CITY: HARVEY. COUNTY: 16. COOK COUNTY															
Number	2	2,394	4	57	2,457	551	3,008		0	64	0	0	64	43	107
Percent	0.1	7.96	0.1	1.9	81.7	18.3	100.0		0.0	59.8	0.0	0.0	59.8	40.2	100.0
Lincoln School (6)	0	382	1	6	389	10	399	011111110000001 (97.5)	0	12	0	0	12	2	14
McKinley Elementary (1).	0	774	0	2	776	27	803	011111110000000 (96.6)	0	17	0	0	17	8	25
Dr. Martin Luther King Junior High (3).	0	382	0	2	384	20	404	000000001100001 (95.0)	0	11	0	0	11	4	15
Washington School (4)	0	476	1	5	482	147	629	011111111100000 (76.6)	0	11	0	0	11	12	23
Elmer G. Kich (5)	2	370	2	12	386	187	573	011111110000000 (67.4)	0	10	0	0	10	10	20
Garfield El School (2)	0	10	0	30	40	160	200	011111111100001 (20.0)	0	3	0	0	3	7	10
DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY															
Number	826	308,266	3,818	49,886	362,796	219,478	582,274		0	6,844	93	65	7,002	12,867	19,869
Percent	0.1	52.9	0.7	8.6	62.3	37.7	100.0		0.0	34.4	0.5	0.3	35.2	64.8	100.0
Melville W. Fuller (241)	0	967	0	0	967	0	967	011111110000000 (100.0)	0	33	0	0	33	2	35
Felsenthal Branch Washington Park Homes (239).	0	115	0	0	115	0	115	011100000000000 (100.0)	0	4	0	0	4	0	4
Juliette G. Low Upper Grade Center (289).	0	802		0	802	0	802	000000001100000 (100.0)	0	28	0	1	29	1	30
Francis W. Parker School (290).	0	1,386	0	0	1,386	0	1,386	111111111100000 (100.0)	0	43	0	0	43	8	51
Dulles Branch in Washington Park Homes (268).	0	130	0	0	130	0	130	011000000000000 (100.0)	0	4	0	0	4	0	4
William O. Beale Upper Grade Center (265).	0	790	0	0	790	0	790	000000001100000 (100.0)	0	22	0	0	22	4	26

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Woodson North (249)	0	1,019	0	0	1,019	0	1,019	0000011100000000 (100.0)	0	37	0	0	37	3	40
Elihu Yale Upper Grade Center (294).	0	481	0	0	461	0	461	0000000011000000 (100.0)	0	15	0	0	15	2	17
Forrestville (255)	0	1,753	0	0	1,753	0	1,753	0000000000111110 (100.0)	0	86	0	0	86	9	95
Midian O. Bousfield Branch (252).	0	82	0	0	82	0	82	0000000000000001 (100.0)	0	7	0	0	7	2	9
Charles H. Judd (242)	0	583	0	0	653	0	683	0111111110000000 (100.0)	0	18		0	18	2	20
Alfred Tennyson Upper Grade Center (220).	0	513	0	0	513	0	513	0000000011000000 (100.0)	0	11	0	0	11	12	23
John Marshall Upper Grade Center (802).	0	589	0	0	589	0	589	0000000111000000 (100.0)	0	9	0	0	9	15	24
Hansberry Child Parent Center (610).	0	136	0	0	136	0	136	0110000000000000 (100.0)	0	4	0	0	4	2	0
Ralph W. Emerson Br. McKinley Up. Grd. Ctr. (578).	0	310	0	0	310	0	310	0000000010000000 (100.0)	0	9	0	0	9	5	14
Cole Child Parent Center (608).	0	113	0	0	113	0	11	0110000000000000 (100.0)	0	3	0	0	3	3	6
Alighilri Dante Branch of Marshall (590).	0	751	0	0	751	0	751	0000000000010000 (100.0)	0	16	0	0	16	17	33
John Calhoun South School (592).	0	721	0	0	721	0	721	0111111110000000 (100.0)	0	11	0	0	11	15	26
Joseph Medill School (North) (580).	0	1,005	0	0	1,005	0	1,005	1111100000000000 (100.0)	0	18	0	0	18	10	28
Albert Einstein School (528).	0	978	0	0	978	0	978	0111111110000000 (100.0)	0	29	0	0	29	3	32
Oakland (534)	0	868	0	0	868	0	868	0111111110000000 (100.0)	0	32	0	0	32	3	35
William Penn School (558).	0	2,037	0	0	2,037	0	2,037	0111111110000000 (100.0)	0	23	0	0	23	45	68
Daniel Hale Williams School (537).	0	1,646	0	0	1,646	0	1,646	1111111111000000 (100.0)	0	48	0	0	48	1	49
Olive Child-Parent Center (555).	0	116	0	0	116	0	116	0110000000000000 (100.0)	0	3	0	0	3	2	5
Benjamin W. Raymond School (535).	0	1,465	0	0	1,465	0	1,465	1111111110000000 (100.0)	0	41	0	0	41	10	51
George T. Donoghue School (521).	0	994	0	0	994	0	994	0111111111000000 (100.0)	0	22	0	0	22	12	34
James R. Doolittle, Jr. Intermediate and Upper grades (523).	0	1,040	0	0	1,040	0	1,040	0000011111000000 (100.0)	0	25	1	0	26	11	37
William J. and Charles H. Mayo (532).	0	1,048	0	0	1,048	0	1,048	0111111110000000 (100.0)	0	25	0	1	26	8	34
James R. Doolittle, Jr. School, primary grades (522).	0	1,164	0	0	1,164	0	1,164	1111110000000000 (100.0)	0	26	0	0	26	5	31
Roswell Mason 4-6 (550).	0	974	0	0	974	0	974	0000111100000000 (100.0)	0	19	0	1	20	23	43
Roswell B. Mason K6-8 (540).	0	1,051	0	0	1,051	0	1,051	0111100000000000 (100.0)	0	21	0	0	21	12	33
Daniel Brainard (563)	0	294	0	0	294	0	294	0111111000000000 (100.0)	0	9	0	0	9	1	10
Theodore Herzl (548)	0	2,104	0	0	2,104	0	2,104	0111111110000000 (100.0)	0	39	1	0	40	30	70
Matthew A. Henson (545).	0	1,010	0	0	1,010	0	1,010	0111111110000000 (100.0)	0	18	0	0	18	20	38
Robert S. Abbott School (519).	0	959	0	0	959	0	959	1111111111000000 (100.0)	0	29	0	0	29	4	33
Anton Dvorak School (543).	0	1,370	0	0	1,370	0	1,370	0111111100000000 (100.0)	0	27	0	0	27	14	41
Crispus Attucks (520	0	1,507	0	0	1,507	0	1,507	0111111111000000 (100.0)	0	49	0	0	49	2	51
Sol R. Crown School (542).	0	1,152	0	0	1,152	0	1,152	0111111110000000 (100.0)	0	21	1	0	22	16	38
Jean Baptiste Point Dusable Upper Grade (470).	0	1,725	0	0	1,725	0	1,725	0000000011000000 (100.0)	0	49	0	0	49	11	60
Frances E. Willard School (481).	0	1,555	0	0	1,555	0	1,555	0111111110000000 (100.0)	0	51	0	0	51	2	53
Vincennes Upper Grade Center (480).	0	903	0	0	903	0	903	0000000011000000 (100.0)	0	30	0	0	30	5	35

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Terrell Branch in Taylor Homes (479).	0	718	0	0	718	0	718	011110000000000 (100. 0)	0	17	0	0	17	1	18
Mary C. Terrell School (478).	0	1,295	0	0	1,295	0	1,295	011111110000000 (100. 0)	0	37	0	0	37	0	37
Colman Branch in Taylor Homes (469).	0	433	0	0	433	0	433	011100000000000 (100. 0)	0	11	0	0	11	1	12
Beethoven Branch in Taylor Homes (405).	0	258	0	0	258	0	258	011100000000000 (100. 0)	0	11	0	0	11	0	11
Ludwig Van Beethoven (464).	0	1,798	0	0	1,798	0	1,798	011111110000000 (100. 0)	0	39	0	0	39	8	47
Alexandre Dumas School (448).	0	1,415	0	0	1,415	0	1,415	011111110000000 (100. 0)	0	40	0	0	40	2	42
Zenos Colman School (408).	0	1,485	0	0	1,485	0	1,485	011111111000000 (100. 0)	0	46	0	0	46	0	46
Anthony Overton (476).	0	1,308	0	0	1,308	0	1,308	011111110000000 (100. 0)	0	41	0	0	41	2	43
Helen J. McCorkle, (475).	0	893	0	0	893	0	893	011111110000000 (100. 0)	0	31	0	0	31	1	32
Beethoven Branch (466).	0	226	0	0	226	0	226	000001100000000 (100. 0)	0	6	0	0	6	2	8
Henry Horner (474).	0	1,256	0	0	1,256	0	1,256	011111111100000 (100. 0)	0	35	0	0	35	2	37
Nikola Tesla School (460).	0	680	0	0	680	0	680	011111110000000 (100. 0)	0	18	0	0	18	3	21
Edmund Burke (467).	0	981	0	0	981	0	981	(100. 0)	0	29	0	0	29	2	31
Parker Branch in Taylor Homes (472).	0	518	0	0	518	0	518	011100000000000 (100. 0)	0	14	0	0	14	0	14
John Farrel School (471).	0	1,108	0	0	1,108	0	1,108	011111110000000 (100. 0)	0	33	0	0	33	6	39
John P. Alicelo (421).	0	2,028	0	0	2,028	0	2,028	011111110000000 (100. 0)	0	31	0	0	31	26	57
Charles R. Drew School (401).	0	744	0	0	744	0	744	011111100000000 (100. 0)	0	18	0	0	18	4	22
John W. Cook Branch (400).	0	210	0	0	210	0	210	011111000000000 (100. 0)	0	5	0	0	5	5	10
Richard J. Oglesby (412).	0	1,410	0	0	1,410	0	1,410	011111110000000 (100. 0)	0	21	0	0	21	19	40
Frank L. Gillespie Upper Grade Center (407).	0	488	0	0	488	0	486	000000001100000 (100. 0)	0	18	0	0	18	1	19
Frank L. Gillespie (408).	0	761	0	0	761	0	761	011111110000000 (100. 0)	0	22	0	0	22	2	24
Wendell Phillips (510).	0	2,896	1	0	2,897	0	2,897	000000000011110 (100. 0)	0	87	1	1	89	39	128
Betsy Ross School (275).	0	1,892	0	1	1,893	0	1,898	011111111100000 (100. 0)	0	60	0	0	60	2	62
Amos A. Staso School (291).	0	1,816	0	1	1,817	0	1,817	011111111100000 (100. 0)	0	46	0	0	46	11	57
Jean Baptiste Point Dusable (463).	0	3,233	0	2	3,235	0	3,235	000000000011110 (100. 0)	0	118	0	0	118	29	147
James A. Sexton (23).	0	179	0	0	179	0	179	000000000110000 (100. 0)	0	4	0	0	4	11	15
Carter C. Woodson South Branch Washington Park Homes (251).	0	171	0	0	171	0	171	011100000000000 (100. 0)	0	6	0		6	0	6
Enrico Fermi (449).	0	1,487	0	1	1,488	0	1,488	011111111100000 (100. 0)	0	41	0	0	41	6	47
Oakenwald North Branch Washington Park Homes (245).	0	713	0	0	713	0	713	011110000000000 (100. 0)	0	23	0	0	23	2	25
John Foster Dulles School (267).	0	1,345	0	1	1,346	0	1,346	011111110000000 (100. 0)	0	38	0	0	38	0	38
R. Nathaniel Dett School (565).	0	1,258	0	1	1,259	0	1,259	011111110000000 (100. 0)	0	21	1	0	22	19	41
James McCosh Intermediate and Upper Grades (275).	0	1,115	0	0	1,115	0	1,115	000001111100000 (100. 0)	0	42	0	0	42	2	44
Edward Hartigan (475).	0	1,118	0	1	1,119	0	1,119	011111110000000 (100. 0)	0	35	0	0	35	4	39
Thomas A. Hendricks (197).	0	683	0	0	683	0	683	111111110000000 (100. 0)	0	17	0	0	17	9	26
Elihu Yale School (293).	0	1,086	0	1	1,087	0	1,087	011111110000000 (100. 0)	0	33	0	0	33	3	36
George Howland (303).	2	1,847	0	0	1,849	0	1,849	011111110000000 (100. 0)	0	55	0	1	56	13	69
Oakenwald South (246).	0	907	0	1	908	0	908	000000111100000 (100. 0)	0	28	1	0	29	1	30

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3— grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Victor F. Lawson (308)	0	1,835	0	0	1,835	0	1,835	011111110000000 (100.0)	0	41	0	0	41	23	64
John M. Gregory (595)	0	1,565	0	2	1,567	0	1,567	111111110000000 (100.0)	0	26	0	0	26	22	48
Jens Jensen (597)	0	1,481	0	2	1,483	0	1,483	011111110000000 (100.0)	0	31	0	0	31	11	42
John I. Piril School (182)	0	715	0	0	715	0	715	011111110000000 (100.0)	0	15	0	0	15	4	19
Forrestville Upper Grade Center (240)	0	1,874	0	0	1,874	0	1,874	000000001100000 (100.0)	0	71	0	1	72	7	79
John A. Sbarbaro (185)	0	1,126	1	1	1,128	0	1,128	011111111100000 (100.0)	0	32	0	0	32	7	39
Francis W. Parker (278)	0	1,557	0	0	1,557	0	1,557	000000000001110 (100.0)	0	52	0	1	52	20	73
Joseph Medill South School (581)	0	1,093	0	2	1,095	0	1,095	000001111100000 (100.0)	0	32	0	0	32	6	38
Julius H. Hess Upper Grade Center (302)	0	2,702	0	0	2,702	0	2,702	000000001100000 (100.0)	0	41	0	0	41	57	98
Jesse Sherwood (202)	0	1,129	0	0	1,129	0	1,129	011111111100000 (100.0)	0	31	0	0	31	5	36
Irvin C. Mellison School (243)	0	375	0	0	875	0	875	011111110000000 (100.0)	0	26	0	0	26	2	28
Francis W. Parker Branch, Yale Upper Grade Center (279)	0	539	0	0	639	0	639	000000000010000 (100.0)	0	25	0	0	25	9	34
Family Living Center No. 1 (236)	0	155	0	0	155	0	155	000000000000001 (100.0)	0	13	0	0	13	4	17
Helen Hefferan (596)	0	1,358	2	1	1,361	0	1,361	011111110000000 (100.0)	0	11	0	0	11	28	39
George Washington Carver (324)	0	1,122	0	0	1,122	0	1,122	000000000011110 (100.0)	0	39	0	0	39	10	49
John Harvard (288)	0	1,041	0	0	1,041	0	1,041	011111110000000 (100.0)	0	25	0	0	25	5	30
John D. Shoop School (358)	0	1,420	0	0	1,420	0	1,420	011111111100000 (100.0)	0	40	0	0	40	7	47
James McCush (272)	0	329	0	2	831	0	831	011110000000000 (100.0)	0	22	0	0	22	2	24
George Washington Carver School, Primary (334)	0	1,333	0	0	1,333	0	1,333	011111000000000 (100.0)	0	16	0	0	16	8	24
John Marshall (589)	0	4,423	0	11	4,434	0	4,434	000000000011119 (100.0)	0	77	0	1	78	124	202
Julia C. Lathrup (307)	0	1,243	0	0	1,243	0	1,243	011111110000000 (100.0)	0	22	0	0	22	24	46
Charles Summer School (805)	0	2,305	0	6	2,311	0	2,311	011111111100000 (100.0)	0	27	2	0	29	47	76
Simon Guggenheim (265)	0	1,269	0	0	1,269	0	1,269	011111110000000 (100.0)	0	37	0	0	37	2	39
Amelia D. Hookway (409)	0	722	2	0	724	0	724	011111111100000 (100.0)	0	17	0	0	17	3	20
Wilhelm K. Roentgen (604)	0	327	0	1	328	0	328	000000000100000 (100.0)	0	8	0	0	8	10	18
William W. Carter School (288)	0	1,322	0	0	1,322	0	1,322	011111110000000 (100.0)	0	36	0	0	36	3	39
Henry Suder (588)	0	1,255	0	4	1,259	0	1,259	111111111100000 (100.0)	0	10	2	0	12	27	39
George W. Goethals (270)	0	151	0	0	151	0	151	000000000100000 (100.0)	0	7	0	0	7	3	10
Isaac Newton School (351)	0	766	0	0	766	0	766	000001111000000 (100.0)	0	19	0	0	19	5	24
Ferdinand Magellan (548)	0	297	1	0	298	0	298	000000000110000 (100.0)	0	13	0	0	13	11	24
Austin O. Sexton School (278)	0	882	0	0	882	0	882	011111111100000 (100.0)	0	20	0	0	20	1	21
Carter C. Woodson South (250)	0	1,140	0	0	1,140	0	1,140	011110000000000 (100.0)	0	43	0	0	43	1	44
Daniel Webster School (606)	0	1,045	0	4	1,049	0	1,049	011111111100000 (100.0)	0	18	1	0	19	15	34
Herman Felsenthal (238)	0	716	0	0	716	0	716	011111110000000 (100.0)	0	24	0	0	24	0	24
Henry O. Tanner School (186)	0	840	0	0	840	0	840	011111110000000 (100.0)	0	25	0	0	25	3	28
Oakenwald North (248)	0	729	0	0	729	0	729	011111000000000 (100.0)	0	22	1	0	23	3	26
Ira F. Aldridge (330)	0	998	0	0	998	0	998	011111111000000 (100.0)	0	20	0	0	30	4	34
George Washington Carver School upper (335)	0	651	0	0	651	0	651	000000001100000 (100.0)	0	44	1	0	45	11	58

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight:	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total	1.3—grades	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Jane A. Meil School (180).	0	317	0	0	317	0	317	011111110000000 (100.0)	0	10	0	0	10	1	11
Hugh Manley Upper Grade Center (601).	0	1,385	0	6	1,391	0	1,391	000000001100000 (100.0)	0	33	1	1	35	25	60
Charles S. Brownell (283).	0	680	0	0	680	0	680	011111110000000 (100.0)	0	22	0	0	22	0	22
Francis Parkman School (477).	0	1,137	0	5	1,142	0	1,142	011111111100000 (100.0)	0	35	0	0	35	5	40
Thomas Chalmers School (298).	0	364	0	4	888	0	898	011111110000000 (100.0)	0	18	1	0	19	12	31
James W. Johnson (304).	0	872	0	4	876	0	876	011111110000000 (100.0)	0	18	0	0	18	10	28
Martha M. Ruggles School (184).	0	859	4	0	863	0	863	011111111100000 (100.0)	0	21	0	0	21	4	25
Katharine Lee Bates (332).	0	638	0	0	638	0	638	011111110000000 (100.0)	0	14	0	0	14	3	17
Carrie Jacobs Bond Upper Grade Center (282).	0	1,254	0	0	1,254	0	1,254	000000001100000 (100.0)	0	36	0	0	36	12	48
Walter Scott School (456).	0	992	0	5	997	0	997	011111110000000 (100.0)	0	33	0	0	33	6	39
Wendell Phillips Branch in Abbott Elementary (517).	0	387	2	0	389	0	389	000000000010000 (100.0)	0	12	0	0	12	3	15
John Whistler School (364).	0	1,383	0	0	1,383	0	1,383	011111110000000 (100.0)	0	17	0	0	17	24	41
Walter Reed School (274).	0	1,226	0	9	1,235	0	1,235	011111111100000 (100.0)	0	40	0	0	40	3	43
Hugh Manley (599)----	0	969	0	6	975	0	975	011111110000000 (100.0)	0	14	0	0	14	19	33
Henry O. Shepard (313).	0	841	0	8	849	0	849	011111110000000 (100.0)	0	15	0	0	15	13	28
John G. Shedd Branch of Bennett (397).	0	234	2	0	236	0	236	011111000000000 (100.0)	0	2	0	0	2	5	7
Sixty-first & University Unit Classrooms (459).	0	298	0	6	304	0	304	001110000000000 (100.0)	0	9	0	0	9	1	10
John Calhoun North School (591).	0	1,121	0	12	1,133	0	1,133	011111110000000 (100.0)	0	10	0	0	10	25	35
William H. Brown (564).	0	1,120	0	6	1,126	0	1,126	111111111000000 (100.0)	0	21	0	0	21	15	36
Richard E. Byrd School (7).	0	1,043	0	16	1,059	0	1,059	011111110000000 (100.0)	0	11	0	0	11	22	33
John B. Drake E & V. G. Center (527).	0	358	0	2	360	0	360	000000000110000 (100.0)	0	13	0	0	18	6	24
James Wadsworth Upper Grade Center (462).	0	559	2	2	563	0	563	000000001100000 (100.0)	0	21	0	0	21	2	23
Edward Jenner (12)----	0	2,412	0	19	2,431	0	2,431	011111110000000 (100.0)	0	12	0	0	12	59	71
Dickens Child Parent Center (609).	0	74	0	22	96	0	96	011000000000000 (100.0)	0	3	0	0	3	2	5
Haines Branche in Hilliard Homes (530).	0	134	0	5	139	0	139	011100000000000 (100.0)	0	5	0	0	5	0	5
Englewood High School (203).	0	2,768	0	1	2,769	1	2,770	000000000011110 (100.0)	0	101	1	0	102	20	122
Lewis Champlin (271)--	0	1,530	0	0	1,580	1	1,581	011111111100000 (99.9)	0	43	0	0	43	3	46
William Cullen Bryant (539).	0	1,554	0	0	1,554	1	1,555	111111110000000 (99.9)	0	24	2	1	27	20	47
Neal F. Simeon Vocational High School (393).	0	1,541	0	4	1,545	1	1,546	000000000011110 (99.9)	0	38	0	0	38	30	68
William Shakespeare (248).	0	1,343	0	10	1,353	1	1,354	011111110000000 (99.9)	0	44	0	0	44	7	51
Bannerer (280)-------	0	1,329	0	4	1,333	1	1,334	011111110000000 (99.9)	0	39	0	0	39	3	42
Ruswell B. Mason Upper Grade Center (551).	0	1,250	0	0	1,250	1	1,251	000000001100000 (99.9)	0	17	0	0	17	20	37
Edwin G. Cooley upper grade center (8)	0	1,109	0	20	1,129	1	1,130	000000001100000 (99.9)	0	5	1	1	7	37	44
Ignace Paderewski School (552).	0	1,106	0	2	1,108	1	1,109	011111110000000 (99.9)	0	17	1	0	18	16	34

B SERIES SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Charles Evans Hughes (547).	0	1,100	0	0	1,100	1	1,101	011111110000000 (99.9)	0	17	0	0	17	17	34
Victor Herbert (571)---	0	1,085	0	8	1,093	1	1,094	111111110000000 (99.9)	0	23	0	0	23	9	32
William McKinley Upper Grade Center (577).	0	1,043	0	5	1,048	1	1,049	000000001100000 (99.9)	0	26	0	0	26	15	41
Ulysses S. Grant (570)--	0	1,957	0	20	1,977	2	1,979	011111110000000 (99.9)	0	34	3	0	37	24	61
Friedrich von Schiller School (21).	5	1,901	0	80	1,965	2	1,988	011111110000000 (99.9)	0	4	0	1	5	61	66
Arthur Dixon School (576).	0	394	0	1	895	1	896	011111111100000 (99.9)	0	26	0	0	26	4	30
Stephen A. Douglas School (524).	0	1,785	0	0	1,765	2	1,767	111111111100000 (99.9)	0	68	0	0	68	4	72
Perkins Bass (281)----	0	1,512	0	4	1,516	2	1,518	011111110000000 (99.9)	0	27	0	0	27	25	52
William Augustus Hinton (287).	1	1,452	0	0	1,453	2	1,455	011111110000000 (99.9)	0	50	0	0	50	1	51
Dewitt C. Cilgier Vocational School (557).	0	716	0	10	726	1	727	000000000011110 (99.9)	0	14	1	0	15	11	26
James Madison (179)---	0	1,310	0	32	1,342	2	1,344	011111111100000 (99.9)	0	30	0	0	20	14	44
Emil G. Hirsch (175)---	0	1,999	0	0	1,999	3	2,002	000000000011110 (99.9)	0	54	0	0	54	23	77
Thecla Doniat School (237).	0	651	0	0	651	1	652	011111110000000 (99.8)	0	25	0	0	25	4	29
Richard T. Crane (556).	0	3,070	0	39	3,109	5	3,114	000000000011110 (99.8)	0	64	1	0	65	76	141
George Gershwin (269).	0	1,228	0	1	1,229	2	1,231	011111110000000 (99.8)	0	31	0	0	31	6	37
Paul L. Dunbar Vocational High School (518).	0	2,452	0	1	2,453	4	2,457	000000000011110 (99.8)	0	83	0	1	84	21	105
Paul Revere School (183).	0	1,202	0	13	1,215	2	1,217	011111111100000 (99.8)	0	29	1	0	30	6	36
Joshua D. Kershaw (288).	2	1,178	2	5	1,187	2	1,189	011111110000000 (99.8)	0	41	0	0	41	10	51
James Wadsworth School (461).	0	1,165	1	12	1,178	2	1,180	011111110000000 (99.8)	0	33	0	0	33	8	41
Oliver S. Westcott School (416).	0	1,158	1	2	1,161	2	1,168	011111111100000 (99.8)	0	32	0	0	32	1	33
Mary Mapes Dodge School (568).	0	1,110	0	0	1,110	2	1,112	111111110000000 (99.8)	0	14	1	0	15	22	37
John W. Cook School (399).	0	1,543	0	3	1,646	3	1,649	011111111100000 (99.8)	0	20	0	0	20	27	47
Jacob Beidler (208)----	0	1,803	1	3	1,607	3	1,610	111111100000000 (99.8)	0	16	0	0	16	39	55
Daniel Wentworth School (292).	0	1,541	0	0	1,541	3	1,544	011111110000000 (99.8)	0	23	0	0	23	33	56
Florence B. Price School (247).	0	978	0	0	978	2	980	011111110000000 (99.8)	0	36	0	0	36	8	44
Parkside School (261)--	0	968	1	0	969	2	971	011111111100000 (99.8)	0	20	0	0	20	7	27
Nicholas Copernicus School (424).	0	960	0	0	960	2	962	011111110000000 (99.8)	0	20	0	0	20	8	28
Nathan Goldblatt (212).	0	944	0	2	946	2	948	011111110000000 (99.8)	0	5	0	0	5	21	26
James E. Modade (411).	0	429	0	0	429	1	430	011111110000000 (99.8)	0	12	0	0	12	0	12
William H. Ryder School (415).	0	1,262	0	0	1,262	3	1,265	011111111100000 (99.8)	0	20	0	0	20	19	39
West Garfield Park Upper Grade Center (607).	1	808	0	5	814	2	816	000000001100000 (99.8)	0	7	0	0	7	22	29
Michael Faraday (594).	0	1,584	0	0	1,584	4	1,588	011111110000000 (99.7)		27	0	0	27	26	52
Willa Cather School (210).	0	1,140	0	3	1,143	3	1,146	011111100000000 (99.7)	0	7	0	0	7	29	36
Park Manor School (181).	0	748	2	0	750	2	752	011111111100000 (99.7)	0	24	0	0	24	1	25
Genevieve Melody School (503).	0	1,403	0	5	1,408	4	1,412	011111110000000 (99.7)	0	10	0	0	10	31	41
Ambrose Burnside (398).	0	1,238	0	11	1,249	4	1,253	011111111100000 (99.7)	0	23	0	0	33	7	40
Nathaniel Pope School (312).	0	933	0	2	935	3	938	011111110000000 (99.7)	0	18	0	0	18	11	29

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Ethan Allen Branch of Gladstone (569).	0	610	0	0	610	2	612	111110000000000 (99.7)	0	11	0	0	11	8	19
James A. Garfield (967).	0	259	0	2	271	1	262	011111111100000 (99.6)	0	7	0	0	7	2	9
Rudyard Kipling (410)	0	1,243	1	0	1,244	5	1,249	011111111100000 (99.6)	0	25	0	0	25	14	39
Kildare Madison Upper Grade Center (213).	0	741	0	2	743	3	746	000000001100000 (99.6)	0	4	0	0	4	23	27
William E. Gladstone (568).	0	741	0	0	741	3	744	011111111100000 (99.6)	0	17	0	0	17	7	24
William G. Beale (264)	0	1,421	0	0	1,421	6	1,427	111111110000000 (99.6)	0	35	0	0	35	9	44
DeLano Elementary School (211).	0	1,650	0	0	1,650	7	1,657	011111110000000 (99.6)	0	25	1	0	26	24	50
John M. Smyth School (585).	0	1,393	0	7	1,400	6	1,405	011111111100000 (99.5)	0	37	0	0	37	9	46
Paul Cornell School (177).	1	1,126	0	1	1,128	5	1,133	011111111100000 (99.6)	0	29	0	0	29	1	30
Scott Unit Classrooms Branch (457).	0	222	0	1	223	1	224	000110000000000 (99.6)	0	7	0	0	7	2	9
Alice M. Birney School (562).	0	1,034	0	0	1,034	5	1,039	111111111000000 (99.5)	0	15	0	0	15	18	33
Calumet (391)	0	2,885	3	2	2,890	14	2,904	000000000011110 (99.5)	0	57	0	0	57	57	114
Charles S. Deneen School (284).	0	802	1	0	803	4	807	011111111100000 (99.5)	0	31	0	0	31	0	31
John M. Harlan (392)	0	3,298	1	10	3,309	17	3,326	000000000011110 (99.5)	0	96	0	0	96	46	142
Lucy L. Flower Vocational High School (206).	0	1,323	1	13	1,337	7	1,344	000000000011110 (99.5)	0	11	0	0	11	47	58
Hyde Park (445)	0	1,556	6	13	1,575	9	1,584	000000000011110 (99.4)	0	48	1	1	50	55	105
Andrew Carnegie School (487).	0	687	0	4	691	4	695	011111110000000 (99.4)	0	17	0	0	17	9	26
Walter Q. Cresham (408).	1	2,198	1	0	2,200	15	2,215	011111111100000 (99.3)	0	28	0	0	28	38	66
William Claude Reavis School (455).	0	1,166	5	3	1,174	9	1,183	111111110000000 (99.2)	0	29	0	0	29	5	34
John B. Drake School (525).	0	555	0	0	555	5	560	111111111000000 (99.1)	0	18	0	0	18	2	20
Charles H. Wacker, Branch of Fernwood (403).	0	435	0	0	435	4	429	011111110000000 (99.1)	0	11	0	0	11	1	12
William H. King (576)	0	209	0	6	215	2	217	000000000100000 (99.1)	0	10	0	0	10	9	19
Edwin G. Cooley Vocational High School (3).	0	629	0	7	636	6	642	000000000011110 (99.1)	0	10	0	1	11	24	35
George Westinghouse Vocational High School (207).	0	1,345	0	17	1,302	14	1,376	00000000001110 (99.0)	0	23	0	0	23	51	74
George Manierre (15)	0	1,099	0	6	1,105	12	1,117	011111111100000 (98.9)	0	6	0	0	6	29	35
Charles Kozninski (452).	0	305	5	3	813	9	822	011111111100000 (98.9)	0	18	1	0	10	14	33
John Fiske (450)	0	1,155	4	4	1,163	13	1,176	011111110000000 (98.9)	0	33	0	0	33	9	42
John O. Haines (529)	0	595	222	65	882	10	892	111111111100000 (98.9)	0	16	2	0	18	13	31
George W. Tilton School (221).	0	1,190	1	19	1,210	14	1,224	011111110000000 (98.9)	0	12	0	0	12	25	37
William H. King (575)	1	969	0	223	1,193	14	1,207	011111110000000 (98.8)	0	15	0	0	15	31	46
Guglielmo Marconi (601).	0	1,056	0	25	1,081	13	1,094	011111110000000 (98.8)	0	5	0	0	5	28	33
Benjamin Franklin (9).	1	786	0	31	818	10	828	011111111100000 (98.8)	0	9	0	0	9	32	41
Jacob A. Riis School (582).	0	592	0	46	738	10	748	011111111100000 (98.7)	0	16	0	0	16	9	25
James N. Thorp School (366).	1	780	0	484	1,265	22	1,287	111111111000000 (98.8)	0	5	0	0	5	36	41
Fernwood (402)	0	1,632	0	4	1,636	31	1,667	011111111100000 (89.11)	0	29	0	0	29	17	46
Horatio N. May (101)	3	1,521	2	24	1,550	36	1,586	011111111100000 (98.7)	0	6	0	0	6	41	47
Isabelle C. O'Keeffe (260).	0	1,168	2	2	1,172	30	1,202	011111111100000 (97.5)	0	23	1	0	24	13	37

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
John McLaren Occupational Training Center (560).	1	214	0	6	221	6	227	000000000000001 (97.4)	0	8	0	0	8	10	18
Leif Ericson School (593).	0	1,507	0	3	1,510	43	1,553	011111110000000 (97.2)	0	25	0	0	25	22	47
J. Sterling Morton Upper Grade Center (216).	0	1,047	2	55	1,104	37	1,141	000000011100000 (96.8)	0	8	1	1	10	37	47
Family Living Center No. 2 (559).	0	110	0	8	118	4	122	000000000000001 (96.7)	0	9	0	0	9	13	22
Mary E. McDowell, Brch Caldwell School (376).	0	145	0	3	348	12	360	011111100000000 (96.7)	0	7	0	0	7	3	10
Thomas J. Higgins (342).	0	532	2	1	535	20	555	011111110000000 (96.4)	0	7	0	0	7	7	14
Daniel J. Corkery School (541).	3	941	0	53	997	38	1,035	011111111100000 (96.3)	0	9	0	0	9	25	34
Robert Lindblum Technical High School (420).	0	1,925	54	12	1,991	78	2,069	000000000011110 (96.2)	0	20	0	2	22	72	94
Thomas Jefferson (574).	0	405	0	122	527	21	548	111111111100000 (96.2)	0	7	0	0	7	10	17
Avalon Park (176).....	0	1,063	5	2	1,070	43	1,113	011111111100000 (96.1)	0	26	0	0	26	6	32
David G. Farragut (538).	1	2,809	1	156	2,967	120	3,087	000000000011110 (96.1)	0	60	2		62	73	135
Herbert Spencer School (105).	1	1,474	0	76	1,551	73	1,624	011111111000000 (95.5)	0	1	0	1	2	41	43
John A. Komensky (306).	0	1	0	565	566	27	593	011111110000000 (95.4)	0	2	1	0	3	14	17
Oliver Wendell Holmes (199).	0	1,805	0	456	2,261	115	2,376	011111111100000 (95.2)	0	21	0	0	21	51	72
Luther Haven (531).....	0	143	0	9	152	8	160	011111111100000 (95.0)	0	6	0	0	6	2	8
George Dewey School (193).	0	1,213	0	141	1,354	75	1,429	011111111100000 (94.8)	0	28	0	0	28	12	40
Cook County Jail, Branch of Audy (320).	1	119	0	5	125	8	133	000000000000001 (94.0)	0	2	0	0	2	7	9
Samuel F. B. Morse School (215).	0	924	0	213	1,137	75	1,212	011111100000000 (93.8)	0	2	0	0	2	27	29
Frank Jirka, Jr. (575)...	0	29	0	699	728	50	778	011111110000000 (93.6)	0	5	0	0	5	20	25
Winfield S. Schley School (46).	2	225	2	618	847	63	910	011111110000000 (93.1)	0	1	0	0	1	24	25
Joseph Jundman (305)...	0	72	0	740	812	67	879	011111110000000 (92.4)	0	6	1	3	10	20	30
James A. Mulligan School (17).	1	295	10	177	483	40	523	011111110000000 (92.4)	0	0	0	0	0	16	16
Mark Skinner School School (583).	1	564	0	110	675	67	742	111111111100000 (91.0)	0	7	0	1	8	16	24
Flavel Moseley School (217).	0	218	0	2	220	22	242	000000000000001 (90.9)	0	24	0	0	24	3	27
John Philip Sousa Branch of Skinner (584).	0	110	0	18	128	14	142	000010000000000 (90.1)	0	2	0	0	2	4	6
Riverdale School (356)...	0	524	0	2	526	59	585	011111111100000 (89.9)	0	3	0	0	3	13	16
John J. Pershing School (533).	1	305	5	7	318	36	354	011111111100000 (89.8)	0	10	0	0	10	1	11
Horace Mann (259).....	0	1,129	12	19	1,160	137	1,297	011111111100000 (89.4)	0	14	0	0	14	23	37
Washington Irving (572).	0	422	0	384	806	98	904	011111111100000 (89.2)	0	9	0	0	9	20	29
James H. Bowen Branch in J. N. Thorp Elementary (367).	0	70	0	144	214	28	242	000000000010000 (88.4)	0	5	0	0	5	6	11
Philo Carpenter School (31).	4	414	1	814	1,233	169	1,402	011111111100000 (87.9)	0	4	0	2	6	38	44
Bryn Mawr Annex (257).	0	252	0	1	253	35	288	000011000000000 (87.8)	0	3	0	0	3	5	8
Frank I. Bennett (398)...	0	937	4	9	950	137	1,087	011111111100000 (87.4)	0	14	0	0	14	18	32
Neal F. Simeon, continuation school (394).	0	298	0	13	311	48	359	000000000000001 (86.6)	0	2	0	0	2	1	3
Charles P. Caldwell School (375).	0	752	12	8	772	121	893	011111111100000 (86.5)	0	12	1	0	13	12	25

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3— grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
John A. Walsh School (318).	0	43	0	405	448	74	522	111111110000000 (85.8)	0	1	0	1	2	12	14
Bryn Mawr (256)	0	1,113	7	6	1,126	186	1,312	011111111100000 (85.8)	0	8	0	0	8	25	33
Ambrose Plamondon School (311).	0	63	3	263	329	55	384	011111111100000 (85.7)	0	1	1	0	2	13	15
John McLaren School (579).	0	25	0	105	130	24	154	011111111100000 (84.4)	0	2	0	0	2	8	10
Walter L. Newberry School (18).	4	290	9	532	835	156	991	011111100000000 (84.3)	0	0	0	1	1	36	37
Peter Cooper upper grade center (300).	0	42	0	916	958	184	1,142	000000011100000 (83.9)	0	11	0	0	11	33	44
Philip R. Sheridan (384).	2	9	1	1,434	1,446	285	1,731	011111111100000 (83.5)	0	1	0	1	2	48	50
Peter Cooper School (299).	0	5	0	782	787	160	947	011111100000000 (83.1)	0	4	0	0	4	19	23
John Spry Upper Grade Center (315).	0	388	0	184	572	119	691	000000001100000 (82.8)	0	4	0	0	4	18	22
James N. Thorp (387)	0	62	0	58	120	25	145	000000000100000 (82.8)	0	1	0	0	1	9	10
House of Correction, Branch of Audy (121).	0	187	0	17	204	43	247	000000000000001 (82.6)	0	1	0	0	1	10	11
Alexander von Humboldt School (48).	8	24	3	2,037	2,072	438	2,510	011111111100000 (82.5)	0	1	1	1	3	75	78
Albert R. Sabin School (45).	4	3	0	398	405	86	491	011111110000000 (82.5)	0	2	0	0	2	11	13
Alfred D. Kuhn (344)	0	1,184	1	9	1,194	264	1,458	011111111100000 (81.9)	0	8	0	0	8	32	40
Carter H. Harrison (295).	2	1,749	9	836	2,596	574	3,170	000000000011110 (81.9)		49	0	2	51	79	130
Chicago Parental Home Branch (253)	0	9	0	0	9	2	11	000000000000001 (81.8)	0	3	0	0	3	1	4
Wicker Park School (49).	0	69	2	658	729	163	892	011111110000000 (81.7)	0	0	0	0	0	26	26
Fort Dearborn (404)	0	923	0	6	929	210	1,139	011111111100000 (81.6)	0	6	0	0	6	25	31
Phoebe Apperson Hearst (500).	1	1,096	4	58	1,189	311	1,500	011111111100000 (79.3)	0	2	0	0	2	42	44
Theophilus Schmid, Branch of Perry (414).	0	329	1	36	366	97	463	011111110000000 (70.0)		2	0	0	2	10	12
Chicago Parental School (174).	1	76	0	3	80	22	102	000000000000001 (78.4)	0	1	0	0	1	13	14
Frederich W. Frobel, Branch of Harrison (296)	0	13	1	363	377	105	482	000000000000010000 (78.2)	0	9	0	0	9	11	20
John Hay Upper Grade Center (93).	1	349	0	18	368	106	474	000000001100000 (77.6)	0	1	0	0	1	11	12
Mount Vernon School (348).	0	1,041	4	4	1,049	304	1,353	011111111100000 (77.5)	0	4	0	0	4	34	18
Andrew Jackson (573)	0	73	22	335	430	125	555	111111111100000 (77.5)	0	7	0	0	7	21	28
Wicker Park Upper Grade Center (50).	0	38	3	255	296	90	386	000000001100000 (76.7)	0	0	0	0	0	13	13
B. Tilden Continuation School Branch, Tilden (191).	1	360	0	19	380	116	496	000000000000001 (76.6)	0	2	0	0	2	4	6
John L. Motley Branch (53).	1	154	0	6	161	51	212	000000000000001 (75.9)	0	9	0	0	9	15	24
Robert A. Waller (1)	10	1,292	48	455	1,805	575	2,380	000000000011110 (75.8)	0	6	2	3	11	86	97
South Shore (254)	0	1,791	27	29	1,847	600	2,447	000000000011110 (75.5)	0	32	2	0	34	68	102
Moses Montefiore School (587).	0	220	0	39	259	88	347	000000000000001 (74.6)	0	21	0	0	21	21	42
James Ward School (536).	0	122	2	133	257	88	345	011111111100000 (74.5)	0	11	0	0	11	6	17
Kenwood (446)	0	674	78	9	761	270	1,031	000000000011100 (73.8)	0	17	0	0	17	32	49
Charles G. Hammond (301).	0	12	2	449	463	169	632	011111110000000 (73.3)	0	1	0	0	1	14	15
Walter S. Christopher School (514).	0	218	0	2	220	81	301	000111111100000 (73.1)	0	3	0	0	3	38	41
Robert Burns (540)	0	235	0	823	1,058	394	1,452	011111111100000 (72.9)	0	6	0	1	7	36	43
W. S. Christopher Branch, Nightingale Elementary (515).	0	41	0	1	42	16	58	111000000000000 (72.4)	0	0	0	0	0	7	7

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3— grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Beulah Shoesmith School (458).	0	424	14	2	440	168	608	011111111100000 (72.4)	0	9	0	0	9	9	18
Jean Lafayette (39)	2	63	1	1,143	1,209	468	1,677	111111110000000 (72.1)	0	0	0	1	1	53	54
Hans Christian Andersen (29).	1	17	0	131	149	60	209	000000000110000 (71.3)	0	0	0	0	0	17	17
Charles W. Earle School (427).	0	424	1	50	475	193	668	011111100000000 (71.1)	0	7	0	0	7	16	23
William K. Sullivan (262).	2	23	4	589	618	257	875	011111111100000 (70.6)	0	1	1	1	3	23	26
Chicago Vocational High School (365).	1	2,484	9	303	2,797	1,191	3,988	000000000011110 (70.1)	0	38	1	0	39	113	152
Isaac N. Arnold Upper Grade Center (6).	3	180	17	352	552	259	811	000000011100000 (68.1)	0	2	1	2	5	32	37
Martin A. Ryerson School (219).	1	367	1	318	1,187	609	1,796	011111111100000 (66.1)	0	0	0	0	0	53	53
Orville T. Bright (371)	21	37	1	469	528	282	810	011111111100000 (65.2)	0	0	0	0	0	24	24
James Russell Lowell (214).	5	39	3	1,151	1,198	650	1,848	011111111100000 (64.8)	0	0	0	0	0	56	56
Jesse Spalding Elementary School (588).	0	217	0	57	274	154	428	011111111100000 (64.0)	0	4	1	0	5	53	58
Arthur J. Audy, Home For Children (318).	1	183	0	18	202	120	322	000000000000001 (62.7)	0	6	0	0	6	14	20
Marry F. Tulley Branch Sabin Elementary (25).	2	30	2	431	465	283	748	000000000010000 (62.2)	0	0	1	0	1	21	22
William Rainey Harper (418).	0	1,149	1	12	1,162	713	1,875	000000000011110 (62.0)	0	24	0	0	2	59	83
Philip Murray School (453).	1	240	10	9	260	161	421	011111110000000 (61.8)	0	6			6	9	15
Edward Tilden High School (189).	2	1,071	11	464	1,548	977	2,525	000000000011110 (61.3)	0	41	0	0	41	58	99
Elizabeth P. Peabody School (43).	1	15	1	344	361	229	590	011111111100000 (61.2)	0	1	0	0	1	0	1
Ellen Mitchell School (40).	0	57	1	310	368	244	612	011111111100000 (60.1)	0	2	2	0	4	17	21
William H. Seward School (201).	0	1	0	521	522	352	874	011111111100000 (59.7)	0	0	0	0	0	31	31
William H. Ray School (454).	2	472	49	9	532	360	892	111111111100000 (59.6)	0	13	0	0	13	19	32
John Spry School (314)	1	21	3	482	507	348	855	011111110000000 (59.3)	0	7	0	0	7	18	25
Joel Tyler Headley (10)	0	5	1	175	181	133	314	011111110000000 (57.6)	0	0	0	0	0	11	11
Robert Morris School (126).	12	3	48	495	558	419	977	011111111100000 (57.1)	0	0	0	0	0	30	30
Jane A. Neil School for Physically Handicapped (187).	0	123	0	27	150	113	263	011111111100000 (57.0)	0	2	0	0	2	11	13
William H. Wells (26)	18	463	4	749	1,234	932	2,166	000000000011110 (57.0)	0	5	0	0	5	79	84
James Otis (42)	1	12	4	528	545	427	972	011111111100000 (56.1)	0	0	1	1	2	33	35
Esmond School (340)	2	349	2	18	371	301	672	011111111100000 (55.2)	0	1	0	0	1	16	17
William B. Ogden (19)	0	190	20	50	260	212	472	011111111100000 (55.1)	0	0	0	0	0	19	19
Jesse Spalding (258)	0	271	1	25	297	251	548	000000000011110 (54.2)	0	7	1	1	9	36	45
Ellen H. Richards Vocational High School (288).	3	160	10	167	340	288	628	000000000011110 (54.1)	0	14	0	0	14	14	28
Mancel Talcott School (47).	4	35	2	650	691	589	1,280	011111111100000 (54.0)	0	5	2	0	7	40	47
Edgar Allan Poe School (352).	0	235	0	5	240	218	458	011111111100000 (52.4)	0	6	1	0	7	8	15
John A. Logan Continuation Prosser (27).	2	665	2	151	820	753	1,573	000000000000001 (52.1)	0	0	0	0	0	17	17
Amelia Earhart, Br. of Huyne (384).	0	125	1	48	174	160	334	011111100000000 (52.1)	0	0	0	0	0	9	9
Austin (83)	0	1,446	18	72	1,534	1,445	2,979	000000000011110 (51.5)	0	1	1	0	2	127	129
John V. Lemoyne (124)	15	4	104	821	944	894	1,838	011111111100000 (51.4)	0	1	0	0	1	64	65
Frederic Chopin Upper Grade Center (34).	2	15	1	234	252	239	491	000000001100000 (51.3)	0	0	0	1	1	18	19

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total	grades	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Hans Christian Andersen (25).	2	58	4	499	561	554	1,115	011111111100000 (50.3)	0	0	0	0	0	34	34
Christopher Columbus School (35).	0	3	1	209	213	218	431	011111110000000 (49.4)	0	0	0	0	0	10	10
George Schneider School (22).	3	65	3	286	337	353	690	011111111100000 (48.8) 011111111100000	0	0	0	1	1	17	18
Jonathan Burr School	4	1	6	248	259	274	533	011111111100000 (48.6)	0	0	1	0	1	15	16
Cyrus H. McCormick (309).	0	20	0	454	474	529	1,003	011111111100000 (47.3)	0	6	0	1	7	20	27
Mark Sheridan School (203).	0	1	0	296	297	334	631	111111110000000 (47.1)	0	3	0	0	3	15	18
Murray F. Tuley (24)...	2	55	7	785	849	956	1,805	000000000011110 (47.0)	0	5	0	2	7	74	81
Maryland Branch of	0	78	0	1	79	90	169	001110000000000 (46.7)	0	1	0	0	1	5	6
Myra Bradwell (255) Poe (353).	10	486	14	86	596	693	1,289	011111111100000 (46.2)	0	1	0	0	1	33	34
Josiah L. Pickard School (310).	1	0	2	348	351	415	766	011111111100000 (45.8)	0	0	0	1	1	21	22
Thaddeus Kosiuszko (38).	14	13	0	471	498	597	1,095	011111111100000 (45.5)	0	0	0	1	1	36	37
Oscar F. Mayer (16)...	5	12	22	504	543	661	1,204	011111110000000 (45.1)	0	0	4	0	4	34	38
Frederic Chopin School (33).	0	1	6	232	239	292	531	011111110000000 (45.0)	0	0	0	0	0	13	12
Casimir Pulaski School (44).	4	113	0	595	712	873	1,585	011111111100000 (44.9)	0	0	0	0	0	45	45
John Greenleaf Whittier School (317).	5	3	0	252	260	325	585	011111110000000 (44.4)	0	6	0	0	6	11	17
James H. Bowen (365)...	3	649	16	685	1,353	1,739	3,092	000000000011110 (43.8)	0	17	0	3	20	109	129
Horace Greeley (120)...	37	1	13	247	298	401	699	011111110000000 (42.6)	0	0	3	0	3	16	19
Morgan Park (323).....	0	1,067	3	11	1,081	1,459	2,540	000000000011110 (42.6)	0	8	0	0	8	88	96
Louis Nettelhorst School (127).	23	30	55	486	604	829	1,433	011111111100000 (42.1)	0	0	1	0	1	46	47
Louisa May Alcott (5)...	11	8	66	369	454	650	1,104	011111111100000 (41.1)	0	0	1	0	1	31	32
Ridgeway Hospital, Branch of Audy (323).	0	13	0	4	17	26	43	000000000000001 (39.5)	0	0	0	0	0	4	4
Rezin Orr (205).....	0	368	11	241	620	955	1,575	000000000011110 (39.4)	0	1	0	0	1	62	63
Richard Yates School (51).	9	1	3	385	398	620	1,018	011111110000000 (39.1)	0	0	1	0	1	28	29
Graeme Stewart School (229).	39	76	82	214	411	696	1,107	011111110000000 (37.1)	0	1	1	0	2	42	44
Edward Coles School (258).	0	162	0	74	236	400	636	011111111100000 (37.1)	0	0	0	0	0	15	15
South Commons Branch of Drake (526).	0	9	0	1	10	17	27	011110000000000 (37.0)	0	1	0	0	1	2	3
William C. Goudy (225).	43	25	59	252	379	658	1,037	011111111100000 (36.5)	0	1	0	0	1	31	32
John H. Hamline (195).	0	0	0	255	255	459	714	111111111100000 (35.7)	0	0	1	0	1	21	22
Christian Fenger Curtis, Branch Fenger (326).	0	236	2	22	310	559	869	000000000010000 (35.7)	0	7	0	0	7	20	27
Clara W. Barton (395)...	0	231	4	2	237	441	678	011111111100000 (35.0)	0	3	0	0	3	17	20
LaSalle (13).....	12	56	21	96	185	351	536	111111111100000 (34.5)	0	0	1	0	1	17	18
Richard Yates Upper Grade Center (52).	3	0	1	243	247	475	722	000000001100000 (34.2)	0	0	0	0	0	28	28
Oliver H. Perry School (413).	1	163	4	25	193	373	566	011111111100000 (34.1)	0	9	0	0	9	19	28
Bernhard Mous School (41).	7	4	5	378	394	781	1,175	011111110000000 (33.5)	0	0	0	0	0	33	33
William Jones Commercial High School (2).	0	240	4	92	336	670	1,000	000000000000110 (33.4)	0	0	0	0	0	41	41
Mary Bartelme, Home Girls, Brch of Audy (319).	0	2	0	0	2	4	6	000000000000001 (33.3)	0	0	0	0	0	1	1

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Cregier, Voc Hs-practical Nursing Prog (581).	0	67	2	5	74	153	227	000000000000001 (32.6)	0	1	2	0	3	18	21
George H. Thomas Branch of Headley (11).		37	2	49	89	189	278	011111110000000 (32.0)	0	0	0	0	0	7	7
Nicholas Senn (222)	21	357	347	359	1,084	2,307	3,301	000000000011110 (32.0)	0	1	0	0	1	129	130
Charles Henderson (432).	0	223	5	23	251	537	788	011111111100000 (31.9)	0	1	0	0	1	27	28
Brennemann Branca (224).	3	3	5	30	41	89	130	001100000000000 (31.5)	0	0	0	0	0	5	5
Foster Park Branch of Kellogg (405).	0	152	1	1	154	344	498	011111111100000 (30.9)	0	1	0	0	1	12	13
Robert Emmet School (91).	4	294	25	119	442	1,006	1,448	011111111100000 (30.5)	0	0	0	0	0	28	28
Salmon P. Chase School (32).	2	1	7	216	226	519	745	011111110000000 (30.3)	0	0	0	0	0	22	22
Philip D. Armour (192)	0	0	1	180	181	416	597	011111111100000 (30.3)	0	0	0	0	0	17	17
Edward Tilden Branch in Holden Elementary (190).	0	0	0	80	80	184	264	000000000010000 (30.3)	0	1	0	0	1	10	11
Nathaniel Hawthorne (122).	16	1	42	294	353	814	1,167	011111111100000 (30.2)	0	0	0	0	0	34	34
Joseph Brennemann (223).	32	28	40	241	341	840	1,181	011111111100000 (28.9)	0	0	2	1	3	33	36
Nathan S. Davis School (490).	1	0	0	190	191	473	664	011111111100000 (28.8)	0	0	0	0	0	19	19
Louis J. Agassiz (4)	9	8	27	234	278	789	967	011111111100000 (28.7)	0	0	0	0	0	29	29
Joseph Warren School (388).	0	121	7	92	220	579	799	011111111100000 (27.5)	0	1	0	0	1	25	26
George M. Pullman School (355).	37	21	7	96	161	435	596	011111111100000 (27.0)	0	4	0	0	4	15	19
Abraham Lincoln (14)	0	24	11	88	123	342	465	011111111100000 (26.5)	0	0	0	0	0	21	21
Joseph Stockton Upper Grade Center (231).	6	31	29	72	138	394	532	000000001100000 (25.9)	0	0	0	0	0	17	17
Lake View (111)	6	62	117	496	673	1,957	2,630	000000000011110 (25.6)	0	0	0	1	1	105	106
John T. McCutcheon (227).	30	43	40	92	205	607	812	011111110000000 (25.2)	0	0	1	0	1	23	24
Thomas Drummond School (36).	4	15	0	139	158	474	632	011111111100000 (25.0)	0	0	0	0	0	18	18
John L. Marsh (383)	0	0	0	149	149	450	599	011111111100000 (24.9)	0	1	0	0	1	14	15
George B. Swift School (233).	3	8	56	112	176	567	742	011111111000000 (25.7)	0	0	0	0	0	23	23
Edward F. Dunne Branch of Mount Vernon (349).	0	70	1	1	72	232	304	011111110000000 (23.7)	0	0	0	0	0	8	8
J. W. Goethe (37)	3	0	1	187	191	628	819	011111111100000 (23.3)	0	0	0	0	0	20	20
Frederick W. Von Steuben (146).	0	304	21	40	365	1,220	1,585	000000000011110 (23.0)	0	0	0	0	0	64	64
George B. McClellan (200).			1	131	140	477	617	111111110000000 (22.7)	0	3	1	0	4	13	17
Robert Healy (296)	2	0	2	222	226	777	1,003	111111111100000 (22.5)	0	1	1	0	2	21	23
James H. Bowen branch in Luella Elementary (366).	0	7	1	54	62	218	280	000000000010000 (32.1)	0	1	0	0	1	10	11
Thomas Hoyne (380)	0	57	6	7	70	259	329	011111110000000 (21.3)	0	0	0	0	0	8	8
Nathanael Greene (495).	0	13	0	56	69	257	327	011111111100000 (21.2)	0	0	0	0	0	12	12
Lyman Trumbull School (234).	7	0	120	127	254	957	1,211	011111111100000 (21.0)	0	0	1	0	1	35	36
Gage park branch (483)	1	117	1	22	141	554	695	000000000010000 (20.3)	0	4	0	1	5	19	24
Harriet Beecher Stowe (82).	3	0	0	278	281	1,110	1,391	011111111100000 (20.2)	0	0	0	0	0	38	38
Bret Harte (451)	0	65	26	10	101	409	510	011111111100000 (19.8)	0	3	0	0	3	11	14
Theodore Roosevelt (143).	0	310	38	54	402	1,678	2,080	000000000011110 (19.3)	0	1	0	0	1	81	82

B SERIES SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Frederick Funston (65)	0	0	4	187	191	803	994	011111111100000 (19.2)	0	0	0	0	0	28	28
Joseph E. Cary (544)	3	15	1	167	186	784	970	011111111100000 (19.2)	0	0	0	0	0	27	27
Arthur A. Libby (436)	0	39	5	156	200	859	1,059	011111111100000 (18.9)	0	2	0	0	2	26	28
Charles R. Darwin School (63).	6	6	5	230	241	1,038	1,279	011111111100000 ((18.8)	0	0	1	0	1	32	33
Oliver Goldsmith, Branch of Burnham (374).	2	4	6	45	57	246	303	011111110000000 (18.8)	0	0	0	0	0	8	8
Christian Fenger, Branch W. Pullman Elementary (327).	0	36	0	2	38	166	204	000000000010000 (18.6)	0	0	0	0	0	6	6
Christian Fenger (325)	2	500	3	38	543	2,394	2,937	000000000011110 (18.5)	0	11	0	0	11	91	102
Lorenz Brentano (62)	4	0	17	215	236	1,073	1,309	011111111100000 (18.0)	0	0	0	0	0	37	37
William H. Prescott School (20).	4	0	2	113	119	563	682	011111111100000 (17.4)	0	0	0	0	0	21	21
Charles N. Holden (198).	0	0	0	87	87	420	507	011111111100000 (17.2)	0	0	0	1	1	12	13
Augustus H. Burley (117).	12	0	11	116	139	697	836	011111111100000 (16.6)	0	0	3	0	3	21	24
Helen C. Peirce School (228).	4	2	81	77	164	825	989	011111111100000 (16.6)	0	0	0	0	0	27	27
Ella Flagg Young School (107).	0	114	2	20	136	738	874	011111111100000 (15.6)				0	0	45	45
James G. Blaine (115)	11	0	46	166	223	1,216	1,439	011111111100000 (15.5)	0	0	0	0	0	38	38
Jacques Marquette (437).	0	83	1	15	99	545	644	011111111100000 (15.4)	0	0	0	0	0	35	35
Daniel R. Cameron School (209).	2	5	7	178	192	1,082	1,274	011111111100000 (15.1)	0	0	0	0	0	37	37
Luella (382)	0	76	7	33	116	662	778	011111111100000 (14.9)	0	1	0	0	1	22	23
Nicholas J. Pritzker Center, Branch Audy (322).	0	4	0	0	4	23	27	000000000000001 (14.8)	0	0	1	0	1	4	5
Stephen F. Gale (138)	4	5	33	81	123	724	847	011111111100000 (14.5)	0	0	0	0	0	20	20
Cage Park (482)	2	191	10	40	243	1,459	1,702	000000000001110 (14.3)	0	2	0	1	3	64	67
Joseph Stockton School (230).	12	10	54	121	197	1,259	1,456	011111110000000 (13.5)	0	1	0	0	1	36	37
William Hibbard (161)	11	0	40	113	109	1,687	1,256	011111110000000 (113.5	0	0	0	0	0	36	36
Luther Burbank (86)	0	57	0	3	60	390	450	011111111100000 (13.3)	0	0	0	0	0	14	14
Kate S. Buckingham Branch of Warren (389).	0	10	2	21	33	219	252	011111100000000 (13.1)	0	0	0	0	0	6	6
Albert G. Lane Technical High School (112).	3	268	219	202	692	4,614	5,306	000000000011110 (13.0)	0	2	0	0	2	226	228
West Pullman Branch School (363).	0	0	0	22	22	147	169	011111000000000 (13.0)	0	0	0	0	0	6	6
Daniel H. Burnham School (372).	0	12	0	9	21	158	179	011111110000000 (11.7)	0	0	0	0	0	4	4
Thomas Scanlan School (357).	0	18	3	66	87	681	768	011111111100000 (11.3)	0	0	0	0	0	17	17
Mary Lyon (100)	0	66	6	4	76	596	672	011111111100000 (11.3)	0	0	0	0	0	20	20
John C. Burroughs School (488).	3	0	0	39	42	332	374	011111111100000 (11.2)	0	0	0	0	0	10	10
Frederick W. Von Steuben Upper Grade CTP (172).	0	0	7	20	27	214	241	000000001100000 (11.2)	0	1	0	0	1	8	9
Susan B. Anthony, Branch of Burnham (373).	0	3	2	24	29	232	261	011111110000000 (11.1)	0	0	0	0	0	7	7
James Hedges (501)	0	0	4	37	41	334	375	011111111100000 (10.9)	0	0	0	0	0	11	11
Stephen K. Hayt (226)	3	0	78	25	106	880	986	011111111100000 (10.8)	0	1	1	0	2	22	24
William T. Sherman (204).	0	3	3	60	66	549	615	011111110000000 (10.7)	0	0	0	0	0	15	15
Joyce Kilmer (141)	1	5	40	68	114	949	1,063	011111111100000 (10.7)	0	0	0	0	0	29	29
Norman Bridge (85)	0	48	0	1	49	412	461	011111111100000 (10.6)	0	0	0	0	0	12	12

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Thomas Kelly Branch in Davis Elementary (485).	0	0	0	33	33	280	313	0000000000010000 (10.5)	0	1	0	0	1	10	11
John F. Kennedy (487)	1	291	5	88	383	3,314	3,697	0000000000011110 (10.4)	0	10	0	0	10	136	146
Josephine C. Locke (98)	0	97	2	0	99	863	962	0111111111100000 (10.3)	0	0	0	0	0	26	26
Harriet E. Sayre School (103).	0	53	1	0	54	478	532	0111111111100000 (10.2)	0	0	0	0	0	18	18
Washington Smyser School (104).	0	58	3	1	62	554	616	0111111111100000 (10.1)	0	0	0	0	0	16	16
William E. Dever School (90).	0	88	1	3	92	823	915	0111111111100000 (10.1)	0	0	0	0	0	31	31
Ravenswood School (123).	1	3	31	59	94	848	942	0111111111100000 (10.0)	0	0	0	0	0	26	26
Henry H. Nash School (102).	7	13	1	77	98	892	990	0111111111100000 (9.9)	0	0	0	0	0	33	33
Ole A. Thorp School (106).	0	78	2	3	83	769	852	0111111111100000 (9.7)	0	0	0	0	0	24	24
Francis Scott Key (95)	1	4	3	42	50	464	514	0111111111100000 (9.7)	0	0	0	0	0	12	12
George Rogers Clark Branch Key School (96).	0	9	1	0	10	96	106	0111111111100000 (9.4)	0	0	0	0	0	4	4
Thomas J. Waters School (129).	0	2	30	55	87	846	933	0111111111100000 (9.3)	0	0	1	0	1	24	25
James B. McPherson School (125).	0	0	32	66	98	977	1,075	0111111111100000 (9.1)	0	1	1	0	2	27	29
Alexander Graham Bell (114).	0	18	10	43	71	716	787	0111111111100000 (9.0)	0	0	0	0	0	54	54
Washburne Trade School (297).	22	206	4	48	280	2,885	3,165	0000000000000001 (8.8)	0	0	0	0	0	57	57
Kelvyn Park (55)	2	38	5	102	147	1,565	1,712	0000000000011110 (8.6)	0	1	0	1	2	67	69
Avondale (58)	4	0	0	81	85	922	1,007	0111111111100000 (8.4)	0	0	0	0	0	29	29
Wolfgang A Mozart School (71).	0	0	0	85	65	735	800	0111111111100000 (8.1)	0	1	0	0	1	20	21
Henry Wadsworth Longfellow (504).	0	0	0	34	34	386	420	0111111111100000 (8.1)	0	0	0	0	0	10	10
Alexander Hamilton (121).	2	0	10	53	65	733	805	0111111111100000 (8.1)		0	0	0	0	24	24
Robert Fulton (429)	1	14	4	35	54	628	622	0111111111100000 (7.9)	0	0	0	0	0	23	23
Thomas Kelly (484)	4	2	2	131	139	1,806	1,945	0000000000001110 (7.1)	0	5	0	1	6	61	67
Alexander Graham (194).	0	3	1	98	102	1,343	1,445	0111111111100000 (7.1)	0	3	0	0	3	38	41
Edward Everett School (494).	0	0	0	41	41	540	581	0111111111100000 (7.1)	0	0	0	0	0	14	14
Eugene Field (137)	5	0	24	36	65	857	922	1111111111100000 (7.0)	0	0	0	0	0	27	27
Friedrich Jahn (123)	2	0	7	49	58	802	860	0111111111100000 (6.7)	0	0	1	0	1	23	24
Helce A. Haugan (159)	4	1	33	79	117	1,626	1,743	0111111111100000 (6.7)	0	0	0	0	0	49	49
Donald E. Murrill School (439).	0	47	2	3	52	746	798	0111111111100000 (6.5)	0	0	0	0	0	29	29
Carl Schurz (56)	4	46	24	209	281	4,123	4,404	0000000000011110 (6.4)	0	0	1	0	1	168	169
West Pullman School (362).	0	24	2	28	54	809	863	0111111111100000 (6.3)	0	0	0	0	0	25	25
Matthew W. Gallistel (379).	10	0	3	49	62	941	1,003	0111111111100000 (6.2)	0	0	0	0	0	27	27
Burbank Physically Handicapped School (108).	0	4	1	7	12	140	152	0111111111100000 (7.9)	0	0	0	0	0	26	26
Eli Whitney School (554).	7	0	0	73	80	942	1,022	0111111111100000 (7.8)	0	1	0	0	1	29	30
Roald Amundsen (110).	0	30	39	75	144	1,723	1,867	0000000000011110 (7.7)	0	1	0	1	2	73	75
Charles A. Prosser Vocational High School (57).	5	32	0	68	105	1,297	1,402	0000000000011110 (7.5)	0	0	1	0	1	59	60
Alfred Nobel (217)	0	2	7	67	76	942	1,018	0111111111100000 (7.5)	0	0	0	0	0	30	30
Alessandru Volta School (171).	1	0	38	34	73	908	981	0111111111100000 (7.4)	0	0	0	0	0	29	29

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Vernon Branch of Poe (354).	0	7	0	0	7	89	96	01111100000000 (7.3)	0	0	0	0	0		3
[illegible]Van Vlissingen School (361).	0	25	1	38	64	830	894	01111111100000 (7.2)	0	2	0	0	2	20	22
Frank W. Gunsaulus (498).	0	0	8	26	34	533	567	01111111100000 (6.0)	0	0	0	1	1	12	13
Newton Bateman (147).	0	1	21	46	68	1,107	1,175	01111111100000 (5.8)	0	0	0	0	0	33	33
James Monroe School (70).	2	0	4	49	55	916	971	01111111100000 (5.7)	0	0	0	0	0	27	27
Lovett Branch of Burbank Physically Handicapped School (100).	0	1	1	3	5	89	94	01111111100000 (5.3)	0	0	0	0	0	11	11
George B. Armstrong (132).	0	1	26	23	50	892	942	01111111100000 (5.3)	0	1	0	0	1	26	27
Carl von Linne (68).	2	0	5	33	40	716	756	01111111100000 (5.3)	0	0	0	0	0	20	20
Luke O'Toole (440).	0	21	4	28	51	964	1,015	01111111100000 (5.0)	0	0	0	0	0	28	28
Thomas Kelly, Branch in Gunsaulus Elementary (486).	0	0	0	18	18	341	359	00000000100000 (5.0)	0	1	0	0	1	11	12
Jonathan Y. Scammon School (89).	0			23	29	550	579	01111111100000 (5.0)	0	0	0	0	0	16	16
Roger C. Sullivan (131).	2	8	34	48	92	1,775	1,867	00000000011110 (4.9)	0	0	0	0	0	69	69
Thomas Brenan (333).	0	40	0	0	40	779	819	01111111100000 (4.9)	0	1	0	0	1	21	22
John C. Coonley School (119).	2	0	17	17	36	714	750	01111111100000 (4.8)	0	1	0	0	1	23	24
Samuel Gompers (341).	0	25	0	0	25	511	536	01111111100000 (4.7)	0	0	0	0	0	16	16
Leslie Lewis (97).	1	7	7	16	31	634	665	01111111100000 (4.7)	0	0	0	0	0	18	18
John J. Audubon (113).	8	0	1	38	47	969	1,016	01111111100000 (4.6)	0	0	0	0	0	29	29
Barnard (331).	2	17	1	0	20	435	455	01111111100000 (4.4)	0	1	0	0	1	11	12
William P. Nixon (73).	0	0	0	45	45	1,029	1,074	01111111100000 (4.2)	0	0	0	0	0	32	32
Mary Bartelme, Branch of Armstrong (133).	0	0	4	6	10	247	257	01111000000000 (3.9)	0	0	0	0	0	8	8
Clay Unit Classrooms Branch School (378).	0	0	0	13	13	325	338	01111000000000 (3.8)	0	0	0	0	0	9	9
Mary C. Peterson School (167).	0	5	11	11	27	701	728	01111111100000 (3.7)	0	0	0	0	0	24	24
Rezin Orr (218).	0	0	0	13	13	340	353	01111110000000 (3.7)	0	0	0	0	0	10	10
Francis M. McKay School (439).	1	10	2	3	15	395	410	01111111100000 (3.7)	0	0	0	1	1	12	13
Eliza Chappell School (118).	0	0	8	9	17	456	473	01111111100000 (3.6)	0	0	0	0	0	12	12
Dewitt Clinton School (135).	0	0	13	15	28	755	783	01111111100000 (3.6)	0	0	0	0	0	23	23
Hanson Park Branch of Reinberg (79).	0	0	1	7	8	223	231	01111110000000 (3.5)	0	0	0	0	0	5	5
Irving Park (67).	0	0	7	8	15	420	435	01111111100000 (3.4)	0	0	0	0	0	10	10
Julia Ward Howe (94).	0	3	1	16	20	569	589	01111111100000 (3.4)	0	0	0	0	0	15	15
Lyman Budlong (116).	0	8	16	9	33	955	988	01111111100000 (3.3)	0	0	0	0	0	29	29
John Hay (92).	0	0	0	13	13	397	410	01111110000000 (3.2)	0	0	0	0	0	11	11
Frank W. Reilly School (77).	0	0	4	16	20	614	634	01111111100000 (3.2)	0	0	0	0	0	19	19
William H. Byford School (87).	0	6	4	8	18	571	589	01111111100000 (3.1)	0	0	0	0	0	17	17
Florence Nightingale School (505).	0	0	1	20	21	683	704	01111111100000 (3.0)	0	0	0	0	0	18	18
James Shields School (510).	0	1	1	14	16	525	541	01111111100000 (3.0)	0	1	0	0	1	13	14
George Washington (368).	0	17	0	32	49	1,616	1,665	00000000011110 (2.9)	0	4	0	2	6	58	64
Grover Cleveland School (150).	0	2	6	12	20	681	701	01111111100000 (2.9)	0	1	1	0	2	17	19
Oriole Park Unit Classrooms Branch (166).	0	0	4	3	7	242	249	01111111100000 (2.8)	0	0	0	0	0	7	7

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Edwin G. Foreman (54)	0	19	3	26	48	1,668	1,716	000000000011110 (2.8)	0	0	C	1	1	65	66
Hermann Raster Schoo' (443).	1	3	2	15	21	733	754	011111111100000 (2.8)	0	1	0	0	1	19	20
Hiram H. Belding (61)	6	0	8	3	17	621	638	011111111100000 (2.7)	0	0	0	0	0	17	17
Morgan Park Branch in Cissold Elementary (329).	0	6	1	0	7	258	265	000000000010000 (2.6)	0	0	0	0	0	8	8
Chauncey B. Blair Branch of Dore (492).	0	0	2	6	8	306	314	011111100000000 (2.5)	0	0		0	0	7	7
Richard Edwards School (493).	0	14	0	0	14	551	565	011111111100000 (2.5)	0	0	0	C	0	13	13
John B. Murphy School (72).	0	0	7	8	15	596	611	011111111100000 (2.5)	0	0	0	0	0	17	17
Ferdinand W. Peck School (507).	3	1	5	7	16	640	656	011111111100000 (2.4)	0	0	0	0	0	19	19
Mark Twain School (512).	0	0	0	18	18	722	740	011111111100000 (2.4)	0	0	0	0	0	21	21
Franz Peter Shubert School (81).	1	4	2	11	18	730	748	011111111100000 (2.4)	0	0	0	0	0	26	26
John H. Vanderpoel School (360).	0	7	2	0	9	369	378	011111111100000 (2.4)	0	0	0	0	0	10	10
Leander Stone School (232).	0	0	14		17	739	756	011111111100000 (2.2)	0	0	0	0	0	25	25
Nathan Hale (499)	2	0	3	17	22	958	980	011111111100000 (2.2)	0	0	0	0	0	28	28
Daniel Boone (134)	0	0	9	10	19	862	881	011111111100000 (2.2)	0	0	0	0	0	26	26
Wildwood School (175)	1	1	4	0	6	275	281	011111111100000 (2.1)	0	0	0	0	0	6	6
Sidney Sawyer School (509).	2	5	0	4	11	505	516	011111111100000 (2.1)	0	0	0	0	0	16	16
Alexander Fleming (497).	1	0	1	7	9	415	424	011111111100000 (2.1)	0	0	0	0	0	10	10
Douglas Taylor School (335).	0	8	0	2	10	473	483	011111111100000 (2.1)	0	1	0	0	1	18	19
Richard Henry Lee, Branch of Pasteur (435).	0	0	1	5	6	285	291	011111110000000 (2.1)	0	0	0	0	0	6	6
Henry Clay School (377).	0	0	0	23	23	1,123	1,146	011111111100000 (2.0)	0	0	0	0	0	32	32
Hannah G. Solomon (170).	0	4	3	0	7	342	349	011111111100000 (2.0)	0	0		0	0	13	13
William P. Gray (66)	0	0	5	13	18	889	907	011111111100000 (2.0)	0	0	0	0	0	22	22
William Green (139)	0	0	5	0	5	258	263	011111110000000 (1.9)	0	0	0	0	0	5	5
John F. Eberhart School (428).	4	0	2	9	15	789	804	011111111100000 (1.9)	0	0	0	0	0	21	21
Gordon S. Hubbard (419).	1	18	5	18	42	2,345	2,387	000000000011110 (1.8)	0	4	0	1	5	95	100
Stephen T. Mather (130).	0	22	15	0	37	2,100	2,137	000000000011110 (1.7)	0	0	1	0	1	84	85
Minnie Mars Jamieson (140).	0	0	12	1	13	745	758	011111111100000 (1.7)	0	0	0	0	0	19	19
Thomas Nelson Branch of Peck School (508).	0	0	0	2	2	116	118	011110000000000 (1.7)	0	0	0	0	0	4	4
Albert A. Michelson, Branch Dawes School (426).	0	0	0	6	6	386	392	011111000000000 (1.5)	0	0	0	0	0	10	10
Michael M. Byrne School (489).	0	0		10	12	788	800	011111110000000 (1.5)	0	0	0	0	0	22	22
John Hancock (430)	0	0	4	2	6	402	408	011111110000000 (1.5)	0	0	0	0	0	11	11
Charles P. Steinmetz (84).	1	9	10	18	38	2,558	2,596	000000000011110 (1.5)		0	0	0	0	107	107
Thomas A. Edison (154).	0	0	0	6	6	432	438	011111111100000 (1.4)	0	0	0	0	0	11	11
Henry D. Lloyd (69)	0	0	2	9	11	809	820	011111111100000 (1.3)		0	0	0	0	24	24
Barry (59)	0	0	1	7	8	613	621	011111111110000 (1.3)	0	0	0	0	0	16	16
Park View Branch of Owen (442).	0	0	0	1	1	83	84	011000000000000 (1.2)	0	0	0	0	0	2	2

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Jean Baptiste Beaubien School (60).	0	0	4	5	9	748	757	011111111100000 (1.2)	0	0	0	0	0	20	20
Peter A. Reinberg School (78).	0	0	5	0	5	432	437	011111111100000 (1.1)	0	0	0		0	12	12
John W. Garvey (158)	0	0	2	4	6	528	534	011111111100000 (1.1)	0	0	0	0	0	16	16
Frank L. Baum Branch of Twain (513).	0	0	0	3	3	269	272	011111110000000 (1.1)	0	0	0	0	0	6	6
Edgebrook School (153).	0	0	3	0	3	272	275	011111111100000 (1.1)	0	0	0	0	0	5	5
John C. Dorse School (491).	0	0	0	4	4	369	373	011111110000000 (1.1)	0	0	0	0	0	10	10
Portage Park School (75).	0	0	1	10	11	1,034	1,045	011111111100000 (1.1)	0	0	0	0	0	30	30
Sauganash School (168).	0	0	4	0	4	379	383	011111111100000 (1.0)	0	0	0	0	0	11	11
Robert L. Grimes (495).	2	0	0	1	3	290	293	011111110000000 (1.0)	0	0	0	0	0	7	7
Patrick Henry (160)	0	0	2	6	8	804	812	011111111100000 (1.0)	0	0	0	0	0	24	24
Charles G. Dawes School (425).	0	0	3	7	10	1,008	1,018	011111111100000 (1.0)	0	0	0	0	0	27	27
Arthur E. Canty School (88).	0	0	4	4	8	822	830	011111111100000 (1.0)	0	0	0	0	0	24	24
Edward H. Sheldon Branch of Clissold (339).	0	0	2	0	2	207	209	011111100000000 (1.0)	0	0	0	0	0	5	5
Henry R. Clissold School (338).	0	0	4	1	5	531	536	011111111100000 (0.9)	0	0	0	0	0	13	13
Oriole Park (165)	1	0	3	1	5	588	593	011111111100000 (0.8)	0	0	0	0	0	18	18
Jane Addams School (370).	0	0	0	4	4	497	501	011111110000000 (0.8)	0	1	0	0	1	11	12
Elizabeth H. Sutherland School (359).	0	0	2	4	6	773	779	011111111100000 (0.8)	0	0	0	0	0	19	19
James B. Farnsworth School (156).	0	0	1	3	4	519	523	011111111100000 (0.8)	0	0	0	0	0	15	15
William Howard Taft-Branch Norwood Park Elementary (145).	0	0	4	2	6	783	789	000000000010000 (0.8)	0	0	0	0	0	24	24
Louis Pasteur School (506).	0	0	1	4	5	665	670	011111111100000 (0.7)	0	0	0	0		18	18
John M. Palmer School (74).	2	0	1	2		671	676	011111111100000 (0.7)	0	0	0	0	0	18	18
Booth Tarkington Branch of Hurley (434).	0	0	0	1	1	154	155	011111110000000 (0.6)	0	0	0	0	0	5	5
John H. Kinzie Upper Grade Center (503).	0	0	0	2	2	354	356	000000001100000 (0.6)	0	0	0	0	0	11	11
Edward N. Hurley (433).	0	0	3	0	3	604	607	011111111100000 (0.5)	0	0	0	0	0	16	16
Rufus Hitch (102)	0		1	2	3	621	624	011111111100000 (0.5)	0	0	0	0	0	17	17
Laughlin Falconer (64)	0	2	0	2	4	843	847	111111111100000 (0.5)	0	0	0	0	0	29	29
Frederick Stuck Branch of Ebinger (152).	0	0	0	1	1	219	220	011111110000000 (0.5)	0	0	0	0	0	5	5
William Bishop Owen (441).	0	0	1	1	2	450	452	011111111100000 (0.4)	0	0	0	0	0	12	12
John H. Kinzie (502)	0	0	0	3	3	681	684	011111110000000 (0.4)	0	0	0	0	0	19	19
Phillip Rogers School (142).	0	0	3	0	3	699	702	011111111100000 (0.4)	0	0	0	0	0	23	23
William Howard Taft (144).	0	0	5	4	9	2,175	2,184	000000000001110 (0.4)	0	0	0	0	0	82	82
Enrico Tonti School (511).	0	0	0	2	2	613	615	011111111100000 (0.3)	0	0	0	0	0	16	16
George E. Cassell School (336).	0	0	1	0	1	321	322	011111100000000 (0.3)	0	0	0	0	0	9	9
Norwood Park (163)	0	0	1	0	1	324	325	011111111100000 (0.3)	0	0	0	0	0	8	8
Stephen Decatur School (136).	0	0	1	0	1	328	329	011111110000000 (0.3)	0	0	0	0	0	8	8
Christian Ebinger Senior School (151).	0	0	0	2	2	675	677	011111111100000 (0.3)	0	0	0	0	0	18	18

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CHICAGO PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 610. REPRESENTING: 610. CITY: CHICAGO. COUNTY: 16. COOK COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Ernst Prossing School (76).	0	0	2	0	2	722	724	011111111100000 (0.3)	0	0	0	0	0	21	21
William J. Bogan (417).	0	0	3	3	6	2,608	2,614	000000000011110 (0.2)	0	2	0	0	2	99	101
Charles Carroll School (422).	0	0	0	1	1	458	459	011111111100000 (0.2)	0	0	0	0	0	11	11
George Washington School (390).	0	0	1	0	1	565	566	011111111100000 (0.2)	0	0	0	0	0	14	14
William J. Onahan (164).	0	0	1	0	1	602	603	011111111100000 (0.2)	0	0	0	0	0	16	16
Adlai E. Stevenson School (444).	0	0	1	1	2	1,300	1,302	011111111100000 (0.2)	0	0	0	0	0	39	39
Mount Greenwood School (345).	0	0	1	0	1	890	891	011111111000000 (0.1)	0	0	0	0	0	30	30
Julius Rosenwald, branch of Carroll (423).	0	0	0	0	0	262	262	011111110000000 (0.0)	0	0	0	0	0	5	5
Annie Keller, branch of Cassell (337).	0	0	0	0	0	279	279	011111110000000 (0.0)	0	0	0	0	0	7	7
John Crerar, branch of Hancock. (431).	0	0	0	0	0	621	621	011111110000000 (0.0)	0	0	0	0	0	15	15
Lucy Fitch Perkins, branch of Beard (149).	0	0	0	0	0	194	194	011111110000000 (0.0)	0	0	0	0	0	7	7
Kate Douglas Wiggin, branch of Mount Greenwood (347).	0	0	0	0	0	238	238	011111110000000 (0.0)	0	0	0	0	0	6	6
Daniel C. Beard (148).	0	0	0	0	0	242	242	011111110000000 (0.0)	0	0	0	0	0	6	6
Arthur L. Canty unit, classrooms branch (89).	0	0	0	0	0	76	76	011111110000000 (0.0)	0	0	0	0	0	2	2
Joseph Lovett (99).	0	0	0	0	0	421	421	011111111100000 (0.0)	0	0	0	0	0	10	10
Henry David Thoreau, branch of Sauganash (189).	0	0	0	0	0	62	62	011111000000000 (0.0)	0	0	0	0	0	2	2
John J. Duffy School, branch of Mount Greenwood (346).	0	0	0	0	0	329	329	011111100000000 (0.0)	0	0	0	0	0	7	7
Kate S. Kellogg (343).	0	0	0	0	0	333	333	011111111100000 (0.0)	0	0	0	0	0	8	8
Forest Glen Branch of Farnsworth (157).	0	0	0	0	0	60	60	011110000000000 (0.0)	0	0	0	0	0	2	2
Fridtjof Nansen School (350).	0	0	0	0	0	659	659	011111111100000 (0.01)	0	0	0	0	0	19	19
Edison Branch (155).	0	0	0	0	0	99	99	011110000000000 (0.0)	0	0	0	0	0	3	3

DISTRICT: KANKAKEE SCHOOL DISTRICT NO. 111. NUMBER OF SCHOOLS: 15. REPRESENTING: 15. CITY: KANKAKEE. COUNTY: 46

Number	7	1,459	14	29	1,509	6,004	7,513		0	27	1	2	30	277	307
Percent	0.1	19.4	0.2	0.4	20.1	79.9	100.0		0	8.8	0.3	0.7	9.8	90.2	100.0
Franklin (10).	0	538	0	0	538	16	554	001111110000000 (97.1)	0	13	0	0	13	7	20
Abraham Lincoln (7).	0	272	1	2	275	267	542	001111110000000 (50.7)	0	4	0	0	4	21	25
West Junior High School (15).	0	234	0	3	237	627	864	000000001110000 (27.4)	0	2	0	1	3	32	35
Westview High School (13).	0	148	2	3	153	664	817	000000000001110 (18.7)	0	1	0	0	1	37	38
East Junior High School (14).	5	123	2	7	137	839	976	000000001110000 (14.0)	0	3	1	1	5	39	44
Washington (6).	0	37	0	0	37	267	304	001111100000000 (12.2)	0	0	0	0	0	11	11
Eastridge High School (12).	2	98	2	3	105	805	910	000000000001110 (11.5)	0	4	0	0	4	37	41
Taft (4).	0	6	1	2	9	270	279	001111110000000 (3.2)	0	0	0	0	0	9	9
Lafayette (1).	0	0	1	4	5	320	325	001101110000000 (1.5)	0	0	0	0	0	12	12
Steuben (3).	0	0	5	0	5	383	388	001111110000000 (1.3)	0	0	0	0	0	14	14
Thomas Edison (9).	0	3	0	0	3	417	420	001111110000000 (0.7)	0	0	0	0	0	17	17
Aroma Park (8).	0	0	0	2	2	291	293	001111110000000 (0.7)	0	0	0	0	0	11	11
Mark Twain (5).	0	0	0	3	3	495	498	001111110000000 (0.6)	0	0	0	0	0	18	18
Longfellow (2).	0	0	0	0	0	272	272	001111110000000 (0.0)	0	0	0	0	0	9	9
Jefferson (11).	0	0	0	0	0	71	71	001101000000000 (0.0)	0	0	0	0	0	3	3

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: NORTH CHICAGO SCHOOL DISTRICT NO. 61. NUMBER OF SCHOOLS: 29 REPRESENTING: 4. CITY: NORTH CHICAGO. COUNTY: 49. LAKE COUNTY

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Number	3	652	3	35	693	107	800		0	13	0	1	14	14	28
Percent	0.4	81.5	0.4	4.4	86.6	13.4	100.0		0.0	46.4	0.0	3.6	50.0	50.0	100.0
Novak School (2)	0	486	0	2	488	12	500	01111111110000001 (97.6)	0	11	0	1	12	4	16
North School (1)	3	166	3	33	205	95	300	01111111110000001 (68.3)	0	2	0	0	2	10	12

DISTRICT: WAUKEGAN CITY SCHOOL DISTRICT NO. 61. NUMBER OF SCHOOLS: 20. REPRESENTING: 20. CITY: WAUKEGAN. COUNTY: 49. COUNTY LAKE

Number	6	1,907	42	818	2,775	7,580	10,353		2	31	1	2	36	384	420
Percent	0.1	18.4	0.4	7.9	26.8	73.2	100.0		0.5	7.4	0.2	0.5	8.6	91.4	100.0
Gertrude M. Carman (1)	0	486	0	60	546	17	563	011111110000000 (97.0)	0	4	0	0	4	21	25
Andrew Cooke (4)	2	287	0	193	482	44	526	011111110000000 (91.6)	0	4	0	1	5	16	21
Jackson School (9)	0	225	0	90	315	135	450	011111110000000 (70.0)	0	4	0	1	5	13	18
Thomas Jefferson Junior High (19)	0	254	1	102	347	307	654	000000001100000 (53.1)	0	3	0	0	3	29	32
Whittier (17)	0	132	0	8	140	290	430	011111110000000 (32.6)	0	4	0	0	4	13	17
Lyon School (11)	1	93	0	27	121	266	387	011111110000000 (31.3)	0	1	0	0	1	16	17
Hyde Park School (8)	0	99	1	14	114	285	399	011111110000000 (28.6)	0	0	0	0	0	14	14
Glenwood School (6)	0	96	4	0	100	332	432	011111110000000 (23.1)	0	0	0	0	0	18	18
Glen Flord (5)	0	93	1	22	116	410	526	011111110000000 (22.1)	0	2	0	0	2	16	18
West Elementary (16)	0	27	7	77	111	467	578	011111110000000 (19.2)	0	1	0	0	1	24	25
North (13)	0	12	5	83	100	471	571	011111110000000 (17.5)	0	1	0	0	1	20	21
Webster Junior High School (20)	1	90	4	14	109	519	628	000000001100000 (17.4)	0	2	0	0	2	30	32
Washington (15)	1	10	0	32	43	418	461	011111110000000 (9.3)	0	1	0	0	1	14	15
Little Fort School (10)	0	4	4	43	51	608	659	011111110000000 (7.7)	0	2	0	0	2	23	25
Clearview School (3)	0	5	5	27	37	588	625	011111110000000 (5.9)	0	1	1	0	2	21	23
Oakdale (14)	0	3	6	16	25	531	556	011111110000000 (4.5)	0	0	0	0	0	18	18
H. R. McCall (12)	0	0	0	5	5	383	388	011111110000000 (1.3)	0	0	0	0	0	14	14
Greenwood School (7)	0	0	2	2	4	494	498	011111110000000 (0.8)	0	0	0	0	0	20	20
Jack Benny Junior High School (18)	1	1	0	3	5	658	663	000000001100000 (0.8)	1	1	0	0	2	32	34
John S. Clark (2)	0	0	2	0	2	357	359	011111110000000 (0.6)	1	0	0	0	1	12	13

DISTRICT: ALTON COMMUNITY UNIT SCHOOL DISTRICT 11. NUMBER OF SCHOOLS: 32. REPRESENTING: 32. CITY: ALTON. COUNTY: 60. MADISON COUNTY

Number	24	2,430	28	62	2,544	10,732	13,276		0	33	0	2	35	499	534
Percent	0.2	18.3	0.2	0.5	19.2	80.8	100.0		0.0	6.2	0.0	0.4	6.6	93.4	100.0
Alton Acres-Pre-School (17)	0	32	0	0	32	0	32	100000000000000 (100.0)	0	0	0	0	0	1	1
Rufus Easton (15)	0	176	0	1	177	78	255	011111110000000 (69.4)	0	3	0	0	3	8	11
Washington (1)	0	172	0	0	172	84	256	011111000000000 (67.2)	0	2	0	0	2	7	9
Douglass (10)	0	39	0	0	39	23	62	000001000000000 (62.9)	0	0	0	0	0	2	2
Eunice Smith (14)	0	172	3	0	175	119	294	011111110000001 (59.5)	0	2	0	0	2	11	13
Lincoln (16)	0	162	0	0	162	132	294	011110110000001 (55.1)	0	2	0	0	2	10	12
Central Junior School (12)	0	209	0	1	210	214	424	000000001110000 (49.5)	0	2	0	0	2	20	22
Lowell Elementary (9)	0	39	0	0	39	40	79	000001110000001 (49.4)	0	0	0	0	0	3	3
Lovejoy (24)	0	74	0	1	75	83	158	000001110000001 (47.5)	0	1	0	0	1	7	8
Humboldt (23)	0	90	0	1	91	176	267	011111010000001 (34.1)	0	2	0	0	2	8	10
Irving (19)	0	106	0	0	106	252	358	011111110000000 (29.6)	0	0	0	0	0	11	11
Horace Mann (Horace Mann-Dunbar) (31)	0	172	1	6	179	467	646	011101110000000 (27.7)	0	2	0	0	2	19	21
West Junior High School (20)	0	215	0	1	216	624	840	000000001110000 (25.7)	0	2	0	0	2	35	37
Dunbar (Horace Mann-Dunbar) (32)	0	26	0	0	26	79	105	000010000000000 (24.8)	0	1	0	0	1	3	4
Alton Senior High School (18)	9	422	7	14	452	2,296	2,748	000000000001110 (16.4)	0	3	0	2	5	132	137
Delmar (McKinley-Delmar) (30)	0	16	1	0	17	96	113	000011000000000 (15.0)	0	0	0	0	0	4	4

B SERIES SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: ALTON COMMUNITY UNIT SCHOOL DISTRICT 11. NUMBER OF SCHOOLS: 32. REPRESENTING: 32. CITY: ALTON. COUNTY: 60. MADISON COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
East Junior High School (8).	0	115	2	4	121	1,003	1,124	000000001110000 (10.8)	0	2	0	0	2	51	53
McKinley (McKinley-Delmar) (29).	0	52	2	2	56	514	570	011111110000000 (9.8)	0	0	0	0	0	17	17
Milton (4)	0	44	0	2	46	463	509	011111110000001 (9.0)	0	2	0	0	2	18	20
Mark Twain (2)	0	37	0	1	38	462	500	011111110000000 (7.6)	0	0	0	0	0	16	16
Clara Barton (7)	0	8	3	17	28	423	451	011111110000000 (6.2)	0	1	0	0	1	13	14
Garfield (5)	1	9	1	0	11	184	195	000000110000000 (5.6)	0	0	0	0	0	5	5
North Junior High School (13).	1	25	2	2	30	671	701	000000001110000 (4.3)	0	2	0	0	2	29	31
Lewis & Clark (Lewis & Clark Campus) (26).	10	0	4	7	21	520	541	011101110000000 (3.9)	0	0	0	0	0	16	16
Thomas Jefferson (6)	1	10	0	0	11	270	381	011111110000000 (2.9)	0	0	0	0	0	12	12
Lewis & Clark-Mason (Mason Campus) (25).	0	0	1	0	1	52	53	000010000000000 (1.9)	0	0	0	0	0	2	2
Gilson Brown (Gilson Brown-Clifton Hill) (27).	2	4	0	2	8	509	517	011111100000000 (1.5)	0	2	0	0	2	13	15
Clifton Hill (Gilson Brown-Clifton Hill) (28).	0	1	0	0	1	78	79	001110000000000 (1.3)	0	0	0	0	0	3	3
Godfrey-Union (Godfrey) (22).	0	2	1	0	3	429	432	011111110000000 (0.7)	0	1	0	0	1	14	15
Fostburg (3)	0	1	0	0	1	244	245	011111110000000 (0.4)	0	1	0	0	1	7	8
Alton Area Supplementary Education Center (11).	0	0	0	0	0	0	0	000000000000000 (0.0)	0	0	0	0	0	0	0
Godfrey-Union (Union) (21).	0	0	0	0	0	47	47	000010000000000 (0.0)	0	0	0	0	0	2	2

DISTRICT: MADISON COMMUNITY UNIT SCHOOL DISTRICT N. NUMBER OF SCHOOLS: 6. REPRESENTING: 6. COUNTY: 60. MADISON COUNTY

Number	0	1,287	0	0	1,287	1,548	2,835		0	41	0	0	41	67	108
Percent	0.0	45.4	0.0	0.0	45.4	54.6	100.0		0.0	38.0	0.0	0.0	38.0	62.0	100.0
Blair School (1)	0	398	0	0	398	0	398	011110000000000 (100.0)	0	13	0	0	13	1	14
Dunbar School (2)	0	531	0	0	531	0	531	010001111100001 (100.0)	0	19	0	0	19	0	19
Senior High School (6)	0	298	0	0	298	429	727	000000000011110 (41.0)	0	6	0	0	6	26	32
Junior High School (4)	0	15	0	0	15	239	254	000000001100000 (5.9)	0	1	0	0	1	9	10
Harris School (3)	0	26	0	0	26	500	526	011110000000001 (4.9)	0	1	0	0	1	17	18
Louis Baer School (5)	0	19	0	0	19	380	399	010001110000000 (4.8)	0	1	0	0	1	14	1

DISTRICT: PEORIA PUBLIC SCHOOLS DISTRICT 150. NUMBER OF SCHOOLS: 39. REPRESENTING: 39. CITY: PEORIA. COUNTY: 72. PEORIA COUNTY

Number	17	4,732	48	104	4,901	21,838	26,739		0	53	5	0	58	1,072	1,130
Percent	0.1	17.7	0.2	0.4	18.3	81.7	100.0		0	4.7	0.4	0	5.1	94.9	100.0
Lincoln Grade School (18).	0	558	0	1	559	25	584	111111110000000 (95.7)	0	6	0	0	6	20	26
Douglas School (4)	0	165	0	0	165	21	186	010001110000001 (88.7)	0	4	0	0	4	3	7
McKinley (21)	0	512	0	0	512	83	595	011111110000000 (86.1)	0	4	0	0	4	17	21
Webster Elementary School (30).	0	292	0	0	292	74	365	011111110000000 (79.8)	0	3	1	0	4	11	15
Irving (11)	0	430	0	15	445	155	600	011111111100000 (74.2)	0	6	0	0	6	19	25
Roosevelt Junior High School (34).	0	621	0	0	621	259	880	000000001110001 (70.6)	0	7	2	0	9	42	51
Lee Elementary (17)	0	186	0	0	186	184	370	011111110000000 (50.3)	0	2	0	0	2	9	11
Washington School (29)	0	132	0	0	132	146	278	010000111100000 (47.5)	0	2	0	0	2	13	15
Manual High School (39).	0	412	2	13	427	877	1,304	000000000001110 (32.7)	0	1	0	0	1	79	80
Greeley Elementary (8)	4	117	3	4	128	384	512	011111111100000 (25.0)	0	2	0	0	2	16	18
Blaine Summer School (1).	3	90	2	5	100	460	560	111111110000000 (17.9)	0	3	0	0	3	20	23
Peoria Special Schools (14).	1	8	0	3	12	66	78	011111111111111 (15.4)	0	1	0	0	1	8	9

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: PEORIA PUBLIC SCHOOLS DISTRICT 150. NUMBER OF SCHOOLS: 39. REPRESENTING: 39. CITY: PEORIA. COUNTY: 72. PEORIA COUNTY—Continued

	Students—							Weight:	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total	1.3—grades	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Von Steuben Elementary (28).	0	86	2	7	95	633	728	01111111111000001 (13.0)	0	0	0	0	0	27	27
Franklin School (5)	0	91	0	0	91	611	702	01111111111000001 (13.7)	0	0	0	0	0	24	24
Hines (10)	0	77	2	0	79	550	629	01111111111000000 (12.6)	0	0	0	0	0	24	24
Woodruff Senior High School (38).	0	149	5	8	162	1,155	1,317	00000000011110 (12.3)	0	2	0	0	2	71	73
Whittier Elementary (32).	0	62	5	0	67	506	573	01111111111000001 (11.7)	0	1	0	0	1	21	22
Peoria High School (36).	4	212	3	3	222	1,782	2,004	00000000011110 (11.1)	0	0	0	0	0	97	97
Loucks Elementary School (20).	0	46	3	0	49	403	452	01111111111000000 (10.8)	0	1	0	0	1	16	17
White Elementary (31)	0	52	0	1	53	474	527	01111111111000000 (10.1)	0	0	0	0	0	19	19
Thomas Jefferson School (12).	0	38	1	0	39	376	415	01111111111000001 (9.4)	0	0	0	0	0	19	19
Lucie B. Tyng School (27).	0	51	0	1	52	622	674	01111111000000001 (7.7)	0	0	0	0	0	22	22
(9) Harrison	0	43	3	18	64	861	925	01111111000000000 (6.9)	0	4	1	0	5	31	36
Kellar West Elementary School (15).	0	19	0	3	22	349	371	01111111000000000 (5.9)	0	0	0	0	0	12	12
Longfellow (19)	0	23	0	0	23	394	417	01111111000000000 (5.5)	0	1	0	0	1	17	18
Kellar (13)	0	32	3	0	35	616	651	01111111111111110 (5.4)	0	0	0	0	0	23	23
Calvin Coolidge (2)	0	32	1	0	33	590	623	01111111111000001 (5.3)	0	0	0	0	0	21	21
Trewyn Junior High (35).	5	22	1	4	32	681	713	00000000111000001 (4.5)	0	0	0	0	0	42	42
Woodrow Wilson (33)	0	42	1	2	45	1,041	1,086	11111111000000000 (4.1)	0	0	1	0	1	35	36
Rolling Acres (24)	0	23	0	7	30	756	786	01111111100000000 (3.8)	0	0	0	0	0	28	28
Sipp (25)	0	26	0	0	26	671	697	01111111100000000 (3.7)	0	0	0	0	0	24	24
Sterling Elementary School (26).	0	11	3	0	14	411	425	01111111100000000 (3.3)	0	0	0	0		17	17
Columbia Elementary School (3).	0	17	0	0	17	631	648	01111111110000000 (2.6)	0	2	0	0		19	21
Glen Oak School (7)	0	12	3	1	16	663	679	01111111110000001 (2.4)	0	0	0	0	0	23	23
Richwoods High School (37).	0	37	1	0	38	2,352	2,390	00000000011110 (1.6)	0	1	0	0	1	111	112
Kingman (16)	0	1	0	5	6	419	425	01111111110000000 (1.4)	0	0	0	0	0	18	18
Northmoor (22)	0	2	4	0	6	724	730	01111111110000000 (.8)	0	0	0	0	0	22	22
Reservoir (23)	0	3	0	0	3	363	366	01111111100000000 (.8)	0	0	0	0	0	15	15
Garfield School (6)	0	0	0	3	3	470	473	01111111000000000 (.6)	0	0	0	0	0	17	17

DISTRICT: BROOKLYN. NUMBER OF SCHOOLS: 1. REPRESENTING: 4. CITY: LOVEJOY. COUNTY: 82

Number	0	486	0	0	486	0	486		0	19	0	0	19	0	19
Percent	0	100.0	0	0	100.0	0	100.0		0	100.0	0	0	100.0	0	100.0
Lovejoy (1)	0	486	0	0	486	0	486	01111111111111110 (100.0)	0	19	0	0	19	0	19

DISTRICT: CAHOKIA UNIT SCHOOL DISTRICT NO. 187. NUMBER OF SCHOOLS: 13. REPRESENTING: 13. CITY: CAHOKIA. COUNTY: 82. ST. CLAIR COUNTY

Number	1	1,458	15	63	1,537	6,638	8,175		0	30	0	0	30	307	337
Percent	0.0	17.8	0.2	0.8	18.8	81.2	100.0		0.0	8.9	0.0	0.0	8.9	91.1	100.0
Lalumier Elementary School (11).	0	491	0	0	491	66	557	001111110000001 (88.2)	0	12	0	0	12	11	23
Chenot Elementary School (13).	0	282	0	0	282	120	402	001111110000000 (70.1)	0	9	0	0	9	13	22
Wirth Junior High School (10).	1	251	1	0	253	1,096	1,349	000000001100000 (18.8)	0	3	0	0	3	50	53
Cahokia Senior High School (1).	0	388	2	58	448	1,952	2,400	00000000011110 (18.7)	0	3	0	0	3	92	95
Centerville Elementary Schoo (2).	0	16	3	1	20	283	303	001111110000001 (6.6)	0	1	0	0	1	11	12
Elizabeth Morris Elementary School (12).	0	24	0	2	26	547	573	001111110000001 (4.5)	0	2	0	0	2	25	27
Helen Huffman Elementary School (7).	0	1	4	2	7	593	600	001111110000000 (1.2)	0	0	0	0	0	22	22
Cahokia Elementary School (6).	0	3	0	0	3	302	305	000111110000000 (1.0)	0	0	0	0	0	13	13

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: CAHOKIA UNIT SCHOOL DISTRICT NO. 187. NUMBER OF SCHOOLS: 13. REPRESENTING: 13. CITY: CAHOKIA. CO UNTY: 82. ST. CLAIR COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Penn man Elementary School (4).	0	2	3	0	5	624	629	001111110000000 (0. 8)	0	0	0	0	0	25	25
Maplewood Elementary School (9).	0	0	2	0	2	358	360	001111110000000 (0. 6)	0	0	0	0	0	16	16
Pitzman Elementary School (5).	0	0	0	0	0	194	194	001110000000001 (0. 0)	0	0	0	0	0	9	9
Chartrand Elementary School (8).	0	0	0	0	0	121	121	000011110000000 (0. 0)	0	0	0	0	0	5	5
Jerome Elementary School (3).	0	0	0	0	0	382	387	001111110000000000 (0. 0)	0	0	0	0	0	15	15

DISTRICT: EAST ST. LOUIS SCHOOL DISTRICT NO. 189. NUMBER OF SCHOOLS: 41. REPRESENTING: 41. CITY: EAST ST. LOUIS. COUNTY: 82. St. CLAIR COUNTY

Number	0	16, 586	0		16, 586	6, 570	23, 156		0	552	0	0	552	318	870
Percent	0. 0	71. 6	0. 0	0. 0	71. 6	82. 4	100. 0		0. 0	63. 4	0 0	0 0	63. 4	36. 6	100. 0
Carver (13)	0	193	0	0	193	0	193	000001111000000 (100. 0)	0	7	0	0	7	0	7
Robinson (35)	0	343	0	0	343	0	343	001111110000000 (100. 0)	0	12	0	0	12	0	12
Attucks (8)	0	370	0	0	370	0	370	001111110000000 (100. 0)	0	13	0	0	13	1	14
East St. Louis Lincoln Senior High (2).	0	1, 209	0	0	1, 209	0	1, 209	000000000001110 (100. 0)	0	42	0	0	42	18	60
Golden Garden (20)	0	234	0	0	234	0	234	001111111100000 (100. 0)	0	8	0	0	8	1	9
Dunbar (14)	0	835	0	0	835	0	835	001111110000000 (100. 0)	0	26	0	0	26	1	27
Lucas (29)	0	278	0	0	278	0	278	001111110000000 (100. 0)	0	11	0	0	11	1	12
Johnson (26)	0	328	0	0	328	0	328	001100110000000 (100. 0)	0	10	0	0	10	0	10
Hughes-Quinn Junior High School (4).	0	1, 318	0	0	1, 318	1	1, 319	000000001110000 (99. 9)	0	47	0	0	47	12	59
Washington (39)	0	547	0	0	547	1	548	001111110000000 (99. 8)	0	20	0	0	20	1	21
Alta Sita (7)	0	512	0	0	512	1	513	001111110000000 (99. 8)	0	14	0	0	14	1	15
Garrison (19)	0	427	0	0	427	1	428	001111110000000 (99. 8)	0	14	0	0	14	1	15
Monroe (31)	0	810	0	0	810	2	812	001111110000000 (99. 8)	0	25	0	0	25	1	26
Easterly (15)	0	170	0	0	170	1	171	001111110000000 (99. 4)	0	6	0	0	6	0	6
Longfellow (28)	0	551	0	0	551	6	557	001110000000000 (98. 9)	0	12	0	0	12	6	18
Franklin (17)	0	325	0	0	325	4	329	001111110000000 (98. 8)	0	12	0	0	12	1	13
A. M. Jackson, Sr. (24)	0	698	0	0	698	16	714	001111110000000 (97. 8)	0	11	0	0	11	10	21
Brown (11)	0	248	0	0	248	6	254	001111110000000 (97. 6)	0	9	0	0	9	1	10
Park (33)	0	738	0	0	738	20	758	001111110000000 (97. 4)	0	23	0	0	23	3	26
Webster (40)	0	477	0	0	477	16	493	001111111000000 (96. 8)	0	16	0	0	16	2	18
Rock Junior High School (6).	0	1, 037	0	0	1, 037	35	1, 072	000000001110000 (96. 7)	0	30	0	0	30	15	45
Garfield (18)	0	132	0	0	132	5	137	001111000000000 (96. 4)	0	6	0	0	6	0	6
Grahmann (21)	0	334	0	0	334	13	347	000000001100000 (96. 3)	0	8	0	0	8	2	10
Slade (38)	0	493	0	0	493	25	518	001111110000000 (95. 2)	0	10	0	0	10	5	15
Cannady (12)	0	439	0	0	439	63	502	001111110000000 (87. 5)	0	13	0	0	13	4	17
Lafayette (27)	0	420	0	0	420	68	488	001111110000000 (86. 1)	0	8	0	0	8	9	17
Parkside (34)	0	117	0	0	117	30	147	001111000000000 (79. 6)	0	2	0	0	2	3	5
Clark Junior High School (3).	0	783	0	0	783	390	1, 173	000000001110000 (66. 8)	0	19	0	0	19	26	45
East St. Louis Senior High School (1).	0	1, 446	0	0	1, 446	1, 138	2, 584	000000000001110 (56. 0)	0	51	0	0	51	64	115
Harding (22)	0	169	0	0	169	316	485	001111110000000 (34. 8)	0	4	0	0	4	12	16
Morrison (32)	0	128	0	0	128	377	505	001111110000000 (25. 3)	0	4	0	0	4	12	16
Jefferson (25)	0	110	0	0	110	403	513	001111110000000 (21. 4)	0	8	0	0	8	11	19
Hawthorne (23)	0	152	0	0	152	619	771	001111110000000 (19. 7)	0	5	0	0	5	19	24
Lansdowne Junior High School (5).	0	215	0	0	215	1, 007	1, 222	000000001110000 (17. 6)	0	21	0	0	21	30	51
Wilson (41)	0	0	0	0	0	401	401	001111110000000 (0. 0)	0	3	0	0	3	11	14
Edgemont (16)	0	0	0	0	0	264	264	001111110000000 (0. 0)	0	4	0	0	4	6	10
Bluff View Park (10)	0	0	0	0	0	320	320	001111111000000 (0. 0)	0	6	0	0	6	4	10
Rose Lake (36)	0	0	0	0	0	245	245	001111111000000 (0. 0)	0	3	0	0	3	7	10

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: EAST ST. LOUIS SCHOOL DISTRICT NO. 189. NUMBER OF SCHOOLS: 41. REPRESENTING: 41. CITY: EAST ST. LOUIS. COUNTY: 82. ST. CLAIR COUNTY—Continued

	Students—							Weight:	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total	1.3—grades	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Bluff View (9)	0	0	0	0	0	110	110	001111110000000 (0.0)	0	1	0	0	1	3	4
Manners (30)	0	0	0	0	0	601	601	001111110000000 (0.0)	0	7	0	0	7	13	20
St. Clair Terrace (37)	0	0	0	0	0	65	65	001110000000000 (0.0)	0	1	0	0	1	1	2
DISTRICT: SPRINGFIELD PUBLIC SCHOOL, DISTRICT NO. 186. NUMBER OF SCHOOLS: 41. REPRESENTING: 41. CITY: SPRINGFIELD. COUNTY: 84. SANGAMON COUNTY															
Number	16	2,261	33	52	2,362	20,468	22,830		0	25	0	3	28	914	942
Percent	0.1	9.9	0.1	0.2	10.3	89.7	100.0		0.0	2.7	0.0	0.3	3.0	97.0	100.0
Lincoln School (24)	0	420	0	0	420	40	460	011111100000000 (91.3)	0	5	0	0	5	20	25
Iles School (22)	0	354	0	1	355	290	645	011111100000000 (55.0)	0	6	0	0	6	31	37
Palmer School (29)	0	224	0	0	224	196	420	011111100000000 (53.3)	0	3	0	0	3	17	20
George Washington Middle School (9).	0	412	1	1	414	493	907	000000011100000 (45.6)	0	2	0	0	2	42	44
Withrow School (41)	0	94	0	0	94	226	320	011111100000000 (29.4)	0	1	0	0	1	11	12
Matheny School (27)	0	76	0	5	81	279	360	011111100000000 (22.5)	0	1	0	0	1	13	14
Springfield Southeast High School (3).	2	380	1	7	390	1,728	2,118	000000000011110 (18.4)	0	2	0	0	2	85	87
McClernand School (28).	0	34	2	2	38	264	302	011111100000000 (12.6)	0	0	0	0	0	10	10
Hayedwards School (19).	0	25	3	0	28	418	446	011111100000000 (6.3)	0	0	0	0	0	21	21
Douglas School (14)	0	5	0	2	7	132	139	011111100000000 (5.0)	0	0	0	0	0	6	6
Ends School (16)	0	28	0	0	28	549	577	011111100000000 (4.9)	0	1	0	0	1	20	21
Lanphier High School (2).	7	84	0	2	93	1,848	1,941	000000000011110 (4.8)	0	0	0	0	0	90	90
Noah Webster School (39).	0	9	0	0	9	203	212	011111100000000 (4.2)	0	0	0	0	0	6	6
Lawrence School (23)	0	7	5	0	12	303	315	011111100000000 (3.8)	0	0	0	0	0	12	12
Harvard Park School (18).	2	17	1	0	20	507	527	011111100000000 (3.8)	0	1	0	0	1	17	18
Jefferson Middle School (8).	0	29	3	1	33	1,012	1,045	000000011100000 (3.2)	0	0	0	1	1	43	44
Bunn School (12)	0	9	0	0	9	284	293	011111100000000 (3.1)	0	0	0	0	0	11	11
Susan E. Wilcox (40)	0	0	2	5	7	249	256	011111100000000 (2.7)	0	0	0	0	0	8	8
Ridgely School (32)	0	9	0	0	9	405	414	011111100000000 (2.2)	0	0	0	0	0	14	14
Fairview School (17)	1	0	5	3	9	446	455	011111100000000 (2.0)	0	0	0	0	0	15	15
U.S. Grant Middle School (7).	2	13	0	3	18	948	966	000000011100000 (1.9)	0	0	0	0	0	46	46
Thomas Edison Middle School (5).	0	10	2	8	20	1,080	1,100	000000011100000 (1.8)	0	2	0	0	2	45	47
Pleasant Hill School (31).	0	4	0	2	6	529	535	011111100000000 (1.1)	0	0	0	0	0	17	17
Springfield High School (4).	0	15	6	6	27	2,498	2,525	000000000011110 (1.1)	0	0	0	2	2	107	109
Staley School (36)	2	0	0	0	2	249	251	011111100000000 (0.8)	0	0	0	0	0	7	7
Benjamin Franklin Middle School (6).	0	1	2	2	5	937	942	000000011100000 (0.5)	0	0	0	0	0	40	40
Butler School (13)	0	1	0	1	2	419	421	011111100000000 (0.5)	0	0	0	0	0	15	15
Southern View School (35).	0	0	0	1	1	313	314	011111100000000 (0.3)	0	0	0	0	0	11	11
DuBois School (15)	0	1	0	0	1	614	615	011111100000000 (0.2)	0	0	0	0	0	21	21
Piper School (30)	0	0	0	0	0	40	40	001111100000000 (0.0)	0	0	0	0	0	2	2
West Grand School (38).	0	0	0	0	0	340	340	011111100000000 (0.0)	0	0	0	0	0	11	11
Jane Addams School (10).	0	0	0	0	0	278	278	011111100000000 (0.0)	0	0	0	0	0	11	11
Wanless School (37)	0	0	0	0	0	460	460	011111100000000 (0.0)	0	0	0	0	0	16	16
Carl Sandburg School (33).	0	0	0	0	0	390	390	011111100000000 (0.0)	0	0	0	0	0	15	15
Hazel Dell School (20)	0	0	0	0	0	329	329	011111100000000 (0.0)	0	0	0	0	0	11	11
Springfield Area Vocational Center (1).	0	0	0	0	0	0	0	000000000000110 (0.0)	0	0	0	0	0	9	9

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: SPRINGFIELD PUBLIC SCHOOL, DISTRICT NO. 186. NUMBER OF SCHOOLS: 41. REPRESENTING: 41. CITY: SPRINGFIELD. COUNTY: 84. SANGAMON COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Sand Hill School (34)	0	0	0	0	0	90	90	011111100000000 (0.0)	0	0	0	0	0	2	2
Owen Marsh School (26)	0	0	0	0	0	249	249	011111100000000 (0.0)	0	1	0	0	1	8	9
Laketown School (21)	0	0	0	0	0	351	351	011111100000000 (0.0)	0	0	0	0	0	11	11
Vachel Lindsay School (25)	0	0	0	0	0	176	176	011111100000000 (0.0)	0	0	0	0	0	6	6
Black Hawk School (11)	0	0	0	0	0	306	306	011111100000000 (0.0)	0	0	0	0	0	11	11

DISTRICT: DANVILLE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 118. NUMBER OF SCHOOLS: 22. REPRSENTING: 22. CITY: DANVILLE. COUNTY: 92. VERMILION COUNTY.

Number	1	1,754	13	20	1,788	8,633	10,421		0	23	0	1	24	323	347
Percent	0.0	16.8	0.1	0.2	17.2	82.8	100.0		0.0	6.6	0.0	0.3	6.9	93.1	100.0
Collett Elementary School (6)	0	259	0	0	259	13	272	000111110000001 (95.2)	0	3	0	0	3	7	10
Washington (22)	0	243	0	0	243	198	441	001111110000001 (55.1)	0	5	0	0	5	9	14
Garfield Elementary (12)	0	151	0	2	153	287	440	001111110000000 (34.8)	0	1	0	0	1	11	12
Elmwood (10)	0	67	0	0	67	179	246	001111110000001 (27.2)	0	3	0	0	3	6	9
Douglas Elementary School (8)	0	86	1	1	88	333	421	001111110000001 (20.9)	0	1	0	0	1	15	16
Cannon (5)	0	56	3	0	59	250	309	001111110000000 (19.1)	0	0	0	0	0	8	8
East Park Junior High School (2)	1	165	4	1	171	763	934	000000001110000 (18.3)	0	2	0	0	2	30	32
South View Junior High School (4)	0	158	0	0	158	753	911	000000001110000 (17.3)	0	1	0	0	1	38	39
North Ridge Junior High (3)	0	143	0	3	146	734	880	000000001110000 (16.6)	0	2	0	0	2	30	32
Danville High School (1)	0	315	3	6	324	2,100	2,424	000000000011110 (13.4)	0	2	0	1	3	79	82
Fairchild School (11)	0	47	0	0	47	309	356	001111110000000 (13.2)	0	1	0	0	1	9	10
Northeast Elementary School (18)	0	45	0	4	49	421	470	011111110000000 (10.4)	0	1	0	0	1	13	14
Lincoln School (15)	0	18	0	0	18	267	285	001111110000000 (6.3)	0	1	0	0	1	8	9
Lynch Elementary School (16)	0	0	0	2	2	103	105	001111110000000 (1.9)	0	0	0	0	0	4	4
Edison School (9)	0	0	2	0	2	378	380	001111110000000 (.5)	0	0	0	0	0	11	11
Oaklawn (19)	0	1	0	0	1	202	203	001111110000000 (.5)	0	0	0	0	0	7	7
Roselawn School (20)	0	0	0	1	1	336	337	001111110000000 (.3)	0	0	0	0	0	8	8
Grant (13)	0	0	0	0	0	129	129	001111110000000 (0)	0	0	0	0	0	4	4
Liberty School (14)	0	0	0	0	0	97	97	001111110000000 (0)	0	0	0	0	0	4	4
Tilton (21)	0	0	0	0	0	217	217	001111110000001 (0)	0	0	0	0	0	6	6
McKinley School (17)	0	0	0	0	0	154	154	001111110000000 (0)	0	0	0	0	0	4	4
Daniel (7)	0	0	0	0	0	410	410	001111110000000 (0)	0	0	0	0	0	12	12

DISTRICT: FAIRMONT SCHOOL DISTRICT NO. 89. NUMBER OF SCHOOLS: 2. REPRESENTING: 4. CITY: LOCKPORT. COUNTY: 99. WILL COUNTY

Number	0	602	0	28	630	226	856		0	4	0	0	4	26	30
Percent	0	70.3	0	3.3	73.6	26.4	100.0		0	13.3	0	0	13.3	86.7	100.0
Hill School (2)	0	163	0	3	166	3	169	001110000000000 (98.2)	0	2	0	0	2	4	6
Fairmont School (1)	0	439	0	25	464	223	687	001111111100000 (67.5)	0	2	0	0	2	22	24

DISTRICT: JOLIET PUBLIC SCHOOLS, DISTRICT NO. 86. NUMBER OF SCHOOLS: 27. REPRESENTING: 27. CITY: JOLIET. COUNTY: 99. WILL COUNTY

Number	20	2,797	12	632	3,461	8,256	11,717		3	58	0	3	64	396	460
Percent	0.2	23.9	0.1	5.4	29.5	70.5	100.0		0.7	12.6	0	0.7	13.9	86.1	100.0
McKinely Park (16)	3	437	0	13	453	0	453	011111110000000 (100.0)	0	4	0	0	4	10	14
Forest Park (5)	0	511	0	13	524	7	531	011111110000000 (98.7)	0	14	0	0	14	14	28
Eliza Kelly (10)	0	323	0	8	331	5	336	011110110000000 (98.5)	0	5	0	0	5	11	16
Lincoln (11)	0	121	0	151	272	84	356	011111110000000 (76.4)	0	3	0	0	3	12	15

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: JOLIET PUBLIC SCHOOLS, DISTRICT NO. 86. NUMBER OF SCHOOLS: 27. REPRESENTING: 27. CITY: JOLIET. COUNTY: 99. WILL COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
Parks (17)	0	161	0	106	267	160	427	011111110000000 (62.5)	0	1	0	0	1	12	13
J. M. Thompson (25)	0	167	0	12	179	109	288	011111110000000 (62.2)	0	1	0	0	1	10	11
Gompers Junior High (6).	0	269	0	101	370	270	640	000000001100000 (57.8)	0	5	0	0	5	33	38
Longfellow (12)	0	75	0	8	83	79	162	011110000000000 (51.2)	0	1	0	0	1	5	6
Washington Junior High (26).	0	234	1	16	251	383	634	000000001100000 (39.6)	0	4	0	1	5	25	30
Rehn (21)	0	6	0	0	6	13	19	011111110000000 (31.6)	0	0	0	0	0	4	4
F. E. Marsh (13)	6	37	0	63	106	237	343	011111110000000 (30.9)	0	2	0	1	3		10
Edna Keith (9)	2	70	0	23	95	419	514	111111110000000 (18.5)	2	0	0	0	2	15	17
T. E. Culbertson (2)	0	53	0	12	65	350	415	011111110000000 (15.7)	0	1	0	0	1	15	16
Woodland 27	0	29	1	17	47	296	343	011111110000000 (14.7)	0	1	0	0	1	10	11
A. O. Marshall (14)	0	51	0	48	99	690	789	011111110000000 (12.5)	0	1	0	0	1	24	25
Tafi (24)	1	54	0	2	57	468	525	011111110000000 (10.9)	0	1	0	0	1	20	21
Cunningham (1)	1	42	0	4	47	414	461	011111110000000 (10.2)	0	1	0	0	1	15	16
Sheridan (23)	3	22	0	8	33	305	338	011111110000001 (9.8)	0	1	0	1	2	11	13
Hufford I Junior High (7).	1	41	1	3	46	458	504	000000001100000 (9.1)	0	2	0	0	2	23	25
Farragut (4)	0	36	1	5	42	506	548	011111110000000 (7.7)	0	2	0	0	2	16	18
Reedswood (20)	0	27	0	2	29	405	434	011111110000000 (6.7)	0	1	0	0	1	14	15
Hufford II Junior High (8).	0	25	3	4	32	466	498	000000001100000 (6.4)	0	4	0	0	4	23	27
Pershing (18)	3	2	3	6	14	659	673	011111110000000 (2.1)	1	1	0	0	2	21	23
Eisenhower (3)	0	0	0	5	5	237	242	111111110000000 (2.1)	0	0	0	0	0	9	9
Carl Sandburg (22)	0	3	2	0	5	301	306	011111110000000 (1.6)	0	1	0	0	1	9	10
Marycrest (15)	0	1	0	2	3	676	679	011111110000000 (0.4)	0	1	0	0	1	20	21
Raynor Park (19)	0	0	0	0	0	259	259	011111110000000 (0.0)	0	0	0	0	0	8	8

DISTRICT: ROCKFORD PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 55. REPRESENTING: 55. CITY: ROCKFORD. COUNTY: 101. WINNEBAGO COUNTY

Number	12	4,434	40	306	4,792	32,183	36,975		0	55	0	1	56	1,492	1,548
Percents	0.0	12.0	0.1	0.8	13.0	87.0	100.0		0.0	3.6	0.0	0.1	3.6	96.4	100.0
Dennis School (16)	0	472	0	5	477	54	531	(89.8)	0	3	0	0	3	15	18
Lathrop School (35)	0	395	0	10	405	105	510	011111110000001 (79.4)	0	3	0	1	4	14	18
Montague School (38)	0	229	0	26	255	90	345	011111100000000 (73.9)	0	4	0	0	4		13
Henrietta School (28)	144	0	1	145	68	213	213	011110000000000 (68.1)	0	0	0	0	0	8	8
Washington Community Center (8).	0	330	0	20	350	167	517	000000001110000 (67.7)	0	7	0	0	7	45	52
Ellis School (17)	0	271	0	4	275	182	457	011111000000000 (60.2)	0	1	0	0	1	14	15
Franklin School (22)	0	125	0	12	137	146	283	011111110000000 (48.4)	0	0	0	0	0	12	12
Barbour School (12)	0	249	0	36	285	327	612	011111110000000 (46.6)	0	3	0	0	3	19	22
Rock River School (43)	0	179	0	5	184	228	412	011111110000001 (44.7)	0	1	0	0	1	16	17
Royal Avenue Annex (45).	0	84	0	6	90	112	202	000000110000000 (44.6)	0	0	0	0	0	8	8
Haskell School (27)	0	217	0	9	226	283	509	011111110000000 (44.4)	0	0	0	0	0	18	18
Lincoln Park School (36).	0	216	1	9	226	373	599	011111110000000 (37.7)	0	6	0	0	6	15	21
Page Park School (40)	0	20	0	4	24	43	67	000000000000001 (35.8)	0	0	0	0	0	6	6
McIntosh school (37)	0	105	0	1	106	275	381	011111110000000 (27.8)	0	2	0	0	2	11	13
Wilson Junior High School (9).	0	415	0	20	435	1,223	1,658	000000001110000 (26.2)	0	9	0	0	9	90	99
Freeman School Annex Bethany Church (21).	0	9	0	0	9	26	35	0000000000000001 (25.7)	0	0	0	0	0	4	4
Boy's Farm School (10)	2	17	0	3	22	75	97	000111111111000 (22.7)	0	0	0	0	0	7	7
Hall School (25)	0	35	0	0	35	160	195	011111110000001 (17.9)	0	1	0	0	1	6	7
Freeman school (20)	0	21	0	1	22	105	127	000000000000001 (17.3)	0	0	0	0	0	13	13
Kishwaukee school (33).	2	104	0	8	114	642	756	011111110000000 (15.1)	0	1	0	0	1	24	25
Auburn Senior High School (1).	0	245	0	10	255	1,549	1,804	000000000011110 (14.1)	0	3	0	0	3	90	93

B SERIES—SYSTEMS WITH AT LEAST ONE SCHOOL WITH MINORITY GROUP ENROLLMENT OVER 80 PERCENT—Continued

DISTRICT: ROCKFORD PUBLIC SCHOOLS. NUMBER OF SCHOOLS: 5. REPRESENTING: 55. CITY: ROCKFORD. COUNTY: 101. WINNEBAGO COUNTY—Continued

	Students—							Weight: 1.3—grades	Teachers—						
	American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total		American Indians	Negro	Oriental	Spanish-American	Minority total	Other	Total
West Senior High School (4).	0	227	1	32	260	1,589	1,849	0000000000001110 (14.1)	0	2	0	0	2	93	95
Roosevelt Junior High School (7).	0	90	2	20	112	1,516	1,628	0000000001110000 (6.9)	0	1	0	0	1	76	77
Hallstrom School (26)..	0	13	5	5	23	393	416	0100000100000000 (5.5)	0	1	0	0	1	13	14
Jefferson Junior High School (5).	0	90	2	0	92	1,764	1,856	0000000011100000 (5.0)	0	1	0	0	1	89	90
Church School (14)....	2	8	1	10	21	569	590	0111111100000000 (3.6)	0	0	0	0	0	19	19
Alpine School (11).....	0	4	1	3	8	253	261	0111111100000000 (3.1)	0	0	0	0	0	8	8
East Senior High School (2).	2	51	4	10	67	2,493	2,560	0000000000011110 (2.6)	0	0	0	0	0	114	114
Garrison School (23)....	4	1	1	4	10	381	391	0100000000000001 (2.6)	0	0	0		0	12	12
Riverdahl School (42)..	0	7	0	5	12	515	527	0100000100000000 (2.3)	0	0	0	0	0	17	17
Welsh School (51).....	0	18	0	0	18	830	848	0111111100000000 (2.1)	0	1	0	0	1	32	33
Turner School (48)....	0	0	4	4	8	382	390	0111111100000000 (2.1)	0	0	0	0	0	14	14
Lincoln Junior High School (6).	0	24	2	3	29	1,898	1,927	0000000011100000 (1.5)	0	0	0	0	0	97	97
Summerdale School (47).	0	5	1	0	6	463	469	0111111100000000 (3.1)	0	0	0	0	0	14	14
Nelson School (39)....	0	0	2	3	5	395	400	0111111100000000 (1.3)	0	0	0	0	0	12	12
Hillman School (30)....	0	0	0	6	6	494	500	0111111100000000 (1.2)	0	0	0	0	0	17	17
Jackson School (31)....	0	0	2	3	5	429	434	0111111100000000 (1.2)	0	0	0	0	0	15	15
Wight School (55).....	0	3	0	0	3	416	419	0100000100000001 (0.7)	0	0	0	0	0	13	13
Peterson School (41)....	0	3	0	0	3	462	465	0111111100000000 (0.6)	0	1	0	0	1	14	15
Gregory School (24)....	0	0	2	0	2	325	327	0111111100000000 (0.6)	0	0	0	0	0	12	12
Evergreen School (18)..	0	0	2	0	2	387	389	0111111100000000 (0.5)	0	0	0	0	0	13	13
Highland School (29)....	0	0	3	0	3	585	588	0111111100000000 (0.5)	0	0	0	0	0	18	18
Conklin School (15).....	0	3	0	0	3	614	617	0111111100000000 (0.5)	0	0	0	0	0	21	21
Fairview School (19)....	0	0	0	3	3	616	619	0111111100000000 (0.5)	0	1	0	0	1	19	20
Whig Hill School (53)....	0	3	0	0	3	700	703	0111111100000000 (0.4)	0	0	0	0	0	24	24
Walker School (50).....	0	0	0	2	2	522	524	0111111100000000 (0.4)	0	0	0	0	0	17	17
West View School (52)..	0	0	2	0	2	695	697	0111111100000000 (0.3)	0	0	0	0	0	21	21
Stiles School (46).....	0	0	1	0	1	359	360	0111111100000000 (0.3)	0	0	0	0	0	11	11
Guilford Senior High School (3).	0	1	1	3	5	2,660	2,665	0000000000011110 (0.2)	0	2	0	0	2	119	121
Bloom School (13).....	0	1	0	0	1	694	695	0100000100000000 (0.1)	0	0	0	0	0	23	23
Latham Park School (34).	0	0	0	0	0	137	137	0111111100000000 (0.0)	0	0	0	0	0	5	5
Vandercook School (49)..	0	0	0	0	0	280	280	0111111100000000 (0.0)	0	0	0	0	0	10	10
Johnson School (32)....	0	0	0	0	0	733	733	0111111100000000 (0.0)	0	1	0	0	1	21	22
Whitehead School (54)..	0	0	0	0	0	655	655	0111111100000000 (0.0)	0	0	0	0	0	20	20
Rolling Green School (44).	0	0	0	0	0	746	746	0111111100000001 (0.0)	0	0	0	0	0	35	25

TAX REFORM ACT OF 1969

The Senate resumed the consideration of the bill (H.R. 13270), the Tax Reform Act of 1969.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the pending amendment and the tax reform bill be temporarily set aside until Monday morning at the time designated in the previous order for adjournment, and that the Senate proceed to the consideration of the military construction appropriations bill.

Mr. HRUSKA. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HRUSKA. What does the previous order provide for with reference to the resumption of the tax reform bill on Monday morning?

Mr. KENNEDY. 9:30 Monday morning.

Mr. HRUSKA. Regardless of whether the military construction bill is disposed of today or not?

Mr. KENNEDY. The amendment of the Senator from Oklahoma would be the pending amendment once we resumed the debate on the tax bill on Monday. It is the suggestion of the leadership that we debate the military construction appropriation bill this evening, but if there were to be any votes on that bill, the votes would come up on Monday morning.

It is the best information of the leadership at this time, in conference with the minority leader and the majority leader, as well as——

The PRESIDING OFFICER. Will the Senator suspend so that we can get order and all Senators may hear the Senator?

The Senate will be in order.

Mr. KENNEDY. The matter was also discussed with the distinguished Senator from Nevada (Mr. BIBLE). The mili-

tary construction appropriation bill is not expected to be controversial, nor is it expected that there will be any votes except on final passage. However, if there are to be any votes, they will come on Monday morning next.

Mr. WILLIAMS of Delaware. Mr. President, do I correctly understand that if we follow this procedure, we will be laying temporarily aside the tax reform bill tonight with the understanding that no action will be taken upon that bill tonight?

Mr. KENNEDY. That is correct.

Mr. WILLIAMS of Delaware. In addition to that, in the event—and I do not anticipate this—if the military construction appropriation bill were to go over to a later hour on Monday, that would not delay the tax reform bill. The Senator does not anticipate that.

Mr. KENNEDY. No; I do not.

If there is going to be any additional votes on the appropriation bill, we will have them at an agreeable hour on Monday, beginning at 11 or 12 o'clock, possibly, to be followed by a rollcall vote for final passage.

Mr. BIBLE. Mr. President, as far as the military construction bill is concerned, we do not anticipate any difficulty at all. We do not know of any amendments that might be called up. However, we cannot be absolutely sure. However, if there were to be any, they would go over until Monday. The only thing we will have on Monday is the vote on final passage. There would be third reading tonight if our plans work out.

Mr. SCOTT. Mr. President, suppose that we reach third reading tonight and there is no demand for a rollcall vote. Could we dispose of the matter tonight?

Mr. BIBLE. The answer would be no, because the majority leader requested that there be a rollcall vote on final passage.

Mr. KENNEDY. Mr. President, it would be our intention that the vote on final passage would be at a definite time, and we could set that at 10 o'clock on Monday morning.

Mr. CURTIS. Mr. President, could we get a limitation of time in which to discuss procedure?

Mr. SCOTT. Mr. President, the Senator from Nebraska asked whether we could have a time limitation on the discussion of procedure. I think that the discussion of procedure is hopefully over.

Mr. CURTIS. Very well, Mr. President. I withdraw my request.

Mr. TOWER. Mr. President, will the acting majority leader make the commitment that there will be no unanimous-consent agreement relative to control of time acted upon tonight?

Mr. KENNEDY. Yes, I will. I think the only question at issue in that regard is the designation of a time certain to have a vote on final passage of the military construction appropriation bill. We will try to get third reading tonight. It would be our intention to ask that the time certain be at 10 o'clock on Monday morning.

Mr. SCOTT. Mr. President, therefore, the Senators are assured that no rollcall votes are anticipated tonight.

Mr. KENNEDY. The Senator is correct.

Mr. TOWER. There will be no unanimous-consent agreement to control time.

Mr. KENNEDY. The Senator is correct.

The PRESIDING OFFICER. The Senate is not in order.

Mr. KENNEDY. Mr. President, with the agreement of the manager of the bill, I ask unanimous consent that a vote on final passage be at 10 o'clock on Monday morning.

Mr. BIBLE. Mr. President, that is entirely agreeable with the manager of the bill.

The PRESIDING OFFICER. Will the Senate be in order?

Mr. KENNEDY. Mr. President, I ask unanimous consent——

The PRESIDING OFFICER. Will the Senator wait until we get order and the Chair can hear the request of the Senator from Massachusetts?

The Senator may now make his request.

Mr. KENNEDY. Mr. President, I ask unanimous consent, if we are able to get third reading on the military construction appropriation bill this evening, that after the half hour that has previously been designated to the distinguished Senator from Maryland, we have a vote on final passage. That will be at 10 o'clock on Monday morning.

The PRESIDING OFFICER. Does the Senator wish to waive rule XII by unanimous consent?

Mr. AIKEN. Mr. President, I object to any vote at 10 o'clock, unless it is 10 o'clock Monday.

The PRESIDING OFFICER. Does the Senator wish to renew his previous request?

MILITARY CONSTRUCTION—UNANIMOUS-CONSENT REQUEST

Mr. KENNEDY. Mr. President, I ask unanimous consent that the Senate temporarily lay aside the pending amendment and the tax reform bill and proceed to the consideration of the military construction appropriations bill.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 14751) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1970, and for other purposes.

The PRESIDING OFFICER. Is there objection to laying aside temporarily the unfinished business and proceeding to the consideration of the military construction appropriations bill?

Mr. SCOTT. Temporarily laying aside, Mr. President?

Mr. AIKEN. I object to taking up this matter.

The PRESIDING OFFICER. Does the Senator object?

Mr. AIKEN. I object to taking up this matter now.

The PRESIDING OFFICER. Objection is heard.

Mr. AIKEN. We have done damage enough for 1 day.

The PRESIDING OFFICER. Objection is heard.

Mr. AIKEN. I do not know what we might do if we take up another bill.

Mr. MOSS. Mr. President, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The Chair would advise the Senator from Utah that there is already an amendment pending.

Mr. MOSS. If the Senator wishes to pursue his amendment, I will withhold mine.

The PRESIDING OFFICER. The Senate will be in order. The Senator may proceed when the Senate is in order.

Mr. KENNEDY. Mr. President, will the Senator yield without losing his right to the floor?

Mr. MOSS. I yield.

Mr. KENNEDY. For the benefit of the Members, I do not believe there will be any additional rollcall votes this evening. I am hopeful that, since the rule of germaneness, in any event, does not apply, the Senator from Nevada will be able to talk about this matter.

Mr. BIBLE. As soon as I am recognized, I will talk.

Mr. WILLIAMS of Delaware addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield further, and to whom, if so?

Mr. MOSS. Mr. President, I understood that the amendment of the Senator from Oklahoma had been laid aside by unanimous consent.

Mr. WILLIAMS of Delaware. No.

Mr. MOSS. What was done when we went through all this colloquy and tried to get on to this matter?

Mr. SCOTT. At the moment, nothing.

The PRESIDING OFFICER. The Chair would say that it was obiter dictum.

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

The PRESIDING OFFICER. Does the Senator from Utah yield for the purpose of suggesting the absence of a quorum?

Mr. MOSS. 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. WILLIAMS of Delaware. 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. WILLIAMS of Delaware. Mr. President, I understand that we are to adjourn. Is that correct? I yield for that purpose.

ADJOURNMENT UNTIL 9:30 A.M., MONDAY, DECEMBER 8, 1969

Mr. KENNEDY. Mr. President, in accordance with the order previously entered, I move that the Senate stand in adjournment until 9:30 a.m. on Monday next.

The motion was agreed to; and (at 6 o'clock and 8 minutes p.m.) the Senate adjourned until Monday, December 8, 1969, at 9:30 a.m.