On page 6, between lines 16 and 17, insert the following new matter:

"TRAINING GRANTS

"SEC. 208. (a) The Secretary of Health, Education, and Welfare is authorized to make grants to, and contracts with, institutions of higher education, and to any other nonprofit organization which is capable of effectively carrying out a project which may be funded by grant under subsection (b) of this section.

"(b)(1) Subject to the provisions of paragraph (2), grants may be made to pay all or a part of the costs, as may be determined by the Secretary, or any project operated or to be operated by an eligible institution or organization, which is designed—

"(A) to develop, expand, or carry out a program of training persons for occupations involving the design, operation, and maintenance of solid waste disposal and resource recovery equipment and facilities;

"(B) to train persons, including teachers, adult basic education personnel, and supervisory personnel to train or supervise persons in occupations involving the design, operation and maintenance of solid waste disposal and resource recovery equipment and facilities;

"(C) to carry out occupational training projects which involve a combination of training, education, and employment in the design operation and maintenance of solid waste disposal and resource recovery equipment and facilities.

"(2) A grant or contract authorized by paragraph (1) of this subsection may be made only upon application to the Secretary at such time or times and containing such information as he may prescribe, except that no such application shall be approved unless it—

"(A) sets forth a project for which a grant is authorized under paragraph (1) of this subsection;

"(B) provides such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this section, and provides for making available to the Secretary or his designate, for purposes of audit and examination, such books, documents, papers, and records as relate to any funds received under this section;

"(C) provides for making such reports, in such form and containing such information, as the Secretary may require to carry out his functions under this section, for keeping such records, and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports; and

"(D) provides for (i) a periodic examination of the effectiveness with which the goals set forth in the application are being met while the project is in operation; (ii) the conducting of such examination by an organization not affiliated with the institution or organization whose project is being examined; and (iii) furnishing a report of the results of such examination to the Secretary within thirty days after such examination is completed.

"(c) The Secretary shall—

"(1) encourage businesses with operations or products in the solid waste disposal and resource recovery field to participate in and cooperate with occupational training programs established with the assistance of grants or contracts made under subsection (b)(1)(C) of this section; and

"(2) disseminate information which relates to outstanding teaching and training methods, materials, and curricula developed by projects assisted under subsection (b) of this section.

"(d) The Secretary shall make a complete investigation and study to determine (1) the need for additional trained State and local personnel to carry out programs assisted under this Act and other programs for the same purpose as this Act; (2) means of using existing Federal training programs to train such personnel; and (3) the need for additional trained personnel to develop, operate, and maintain those solid waste disposal and resource recovery facilites designed and installed with assistance provided under this Act. He shall report the results of such investigation and study, including his recommendations, to the President and the Congress not later than July 1, 1971.

On page 6, line 18, strike out "Sec. 208" and insert in lieu thereof "Sec. 209".

On page 7, line 5, strike out "section 209" and insert in lieu thereof "section 210".

On page 8, line 3, strike out "and" after the semicolon.

On page 8, between lines 3 and 4, insert the following:

"(5) shall not be made, after guidelines are promulgated under subsection (e) of this section, unless the applicant agrees to incorporate such guidelines in such project; and".

On page 8, line 4, strike out "(5)" and insert in lieu thereof "(6)".

On page 8, between lines 22 and 23, insert the following:

"(e) The Secretary shall—

"(1) undertake, as soon after the enactment of the 'Resource Recovery Act of 1969' as is practicable, a study of the extent to which, and manner in which, artificial barriers to employment and occupational advancement in the solid waste disposal and resource recovery field restrict the opportunities for employment and advancement in such field;

"(2) develop and promulgate guidelines, based upon such study, setting forth task and skill requirements for specific jobs and recommended job descriptions designed to encourage career employment and occupational advancement in such field; and

"(3) provide technical assistance in complying with such guidelines to applicants for grants under this section.

On page 8, line 24, strike out "Sec. 209" and insert in lieu thereof "Sec. 210".

ADJOURNMENT

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 40 minutes p.m.) the Senate adjourned until tomorrow, Friday, May 22, 1970, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate May 21, 1970:

FEDERAL FARM CREDIT BOARD

The following-named persons to be members of the Federal Farm Credit Board, Farm Credit Administration, for the terms indicated:

For the remainder of the term of 6 years expiring March 31, 1971:

Ernest G. Spivey, of Mississippi, vice R. Watkins Greene, deceased.

For terms expiring March 31, 1976:

Kenneth N. Probasco, of Ohio, vice Marion A. Clawson, term expired.

E. G. Schuhart II, of Texas, vice David Gordon Gault, term expired.

U. S. NAVY

The following-named captains of the line of the Navy for temporary promotion to the grade of rear admiral, subject to qualification therefor as provided by law:

Clarence M. Hart	Richard E. Fowler, Jr.
Lewis A. Hopkins	William M. A. Greene
George G. Halvorson	Julian S. Lake
John D. H. Kane, Jr.	Joe Williams, Jr.
Edward L. Feightner	Joe P. Moorer
John M. Thomas	Walter N. Dietzen, Jr.
Brian McCauley	Harvey E. Lyon
Thomas E. Bass, III	Emmett H. Tidd
Billy D. Holder	Robert O. Welander
Richard E. Henning	Robert Y. Kaufman
William H. Shawcross	Stansfield Turner
Robert P. Coogan	William R. St. George
Ralph S. Wentworth, Jr.	Thomas B. Hayward
Daniel J. Murphy	John J. Shanahan, Jr.
John S. Christiansen	John G. Finneran

CONFIRMATION

Executive nomination confirmed by the Senate May 21, 1970:

NATIONAL LABOR RELATIONS BOARD

Edward B. Miller, of Illinois, to be a member of the National Labor Relations Board for the term of 5 years expiring December 16, 1974.

HOUSE OF REPRESENTATIVES—*Thursday, May 21, 1970*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Blessed be the name of God forever and ever: for wisdom and might are His.—Daniel 2: 20.

Our Father God, reveal to us Thy glory as we turn our thoughts upward and lift our hearts into Thy presence. May discernment and discretion with confidence and courage arise within us with new vigor as we open our minds to Thee who art always understanding, always merciful, and always seeking our good and the good of our people.

Grant unto us as we pray such an awareness of Thy spirit that this day may be spent in Thy service and for the best interests of our country. Give to us the grace to ask what Thou wouldst have us do that in Thy wisdom we may be saved from false choices, in Thy light we may walk and not faint, and in Thy love we may live with true freedom, through Jesus Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4204. An act to amend section 6 of of the War Claims Act of 1948 to include prisoners of war captured during the Vietnam conflict, and for other purposes.

TRIBUTE TO HON. JOHN W. McCORMACK

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

Mr. KEE. Mr. Speaker, while I was in my congressional district on official business yesterday, I heard over the news broadcast that our beloved, distinguished, and unsurpassed Speaker had announced that, after consultation with Mrs. McCormack, he had decided he would retire and he would not be a candidate for reelection again.

Mr. Speaker, I think the RECORD should show that the two greatest living Americans are former President Harry S. Truman and our Speaker, the Honorable JOHN W. McCORMACK.

Mr. Speaker, during your 42 years of leadership, America benefited, and it benefits today, and future generations will benefit, because you cared.

In conclusion, Mr. Speaker, in my humble manner, may I ask that the good Lord up in heaven look after you and Mrs. McCormack.

Thank you, Mr. Speaker.

PERSONAL EXPLANATION

Mr. KOCH. Mr. Speaker, I was speaking at Rockefeller Institute on Monday, May 18, 1970, when the House considered S. 2624, S. 1508, and H.R. 3328.

Had I been present, I would have voted "yea" on S. 2624, the Customs Court Act of 1970, on rollcall No. 123; "yea" on S. 1508, retirement of justices and judges on rollcall No. 124; and "yea" on H.R. 3328, water supply for the Soboba Indian Reservation, on rollcall No. 125.

TRIBUTE TO DR. J. D. HEACOCK ON OCCASION OF HIS 101ST BIRTHDAY

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

Mr. BEVILL. Mr. Speaker, I am pleased to join with my colleagues in paying tribute to an outstanding Alabamian, Dr. J. D. Heacock, of Birmingham. On May 23, 1970, Dr. Heacock celebrates his 101st birthday.

A remarkable individual, Dr. Heacock at the age of 101 takes a lively interest in current local, State, and National problems. He is a real optimist when it comes to today's college-age citizens, calling them the "best I ever saw."

A pioneer in the real sense, Dr. Heacock, early in life established a pattern of working and living that was based on helping others. He has persistently held to this belief.

Graduating from Tulane Medical School in 1894. Dr. Heacock started practice as a family physician, making house calls in a horse and buggy, accepting whatever the family could afford as payment for his services.

Dr. Heacock has served as president of the Jefferson County Medical Association of Alabama, county physician and a delegate to the AMA.

It is indeed an honor to extend to this outstanding American the warmest best wishes for many more years of health and happiness.

RURAL HOUSING PROGRAM

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

Mr. DON H. CLAUSEN. Mr. Speaker, one of the brightest spots in today's housing market has been the rural housing program of the Farmers Home Administration, which has shown a remarkable increase in the past year.

This vital program, under the very able administration of James V. Smith, has shown an increase of 17.4 percent over last year. This means that rural people served by the Administration are moving into new or improved homes at a much faster rate than last year.

According to Mr. Smith, FHA has approved, in the first 9 months of fiscal 1970, 43,748 homeownership loans totaling $465.4 million, as compared to 37,277 loans totaling $360.7 million during the corresponding 9-month period in fiscal 1969.

Mr. Smith said new home starts through his agency will run approximately twice as high this year as in any previous year. Loans for new one-family dwellings under the rural program, which serves countryside areas and towns of up to 5,500 population, exceeded 25,000 through March, equaling the number approved for the entire fiscal year 1969. By contrast, new home starts in the Nation declined by an estimated 15.3 percent during the 9-month period just ended.

The spring seasonal upsurge of home building is expected to result in the Farmers Home Administration surpassing $800 million in insured housing loans for the year ending June 30. This will account for about 80,000 new and improved homes for rural Americans of low and moderate income. Last year, the agency's previous record year, FHA insured $500 million worth of loans on 50,000 homes. Next year the target, according to Smith, is 156,000 insured home-buyer loans.

I would like to take this opportunity to congratulate Mr. Smith on the outstanding program he has developed at FHA. Through his efforts and those of the agency, 80,000 rural American families will have a better place to live—a remarkable and enviable record.

CREDIBILITY OF ADMINISTRATION ECONOMIC PLANNERS

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

Mr. ALBERT. Mr. Speaker, the latest Government report reflecting the sharp and unabated rise in the cost of living stretches beyond the breaking point, the credibility of administration economic planners who stubbornly insist on sticking to what they call their "game plan."

The six-tenths of 1 percent rise in the Consumer Price Index for April adds substantially to the unbroken string of accelerated price rises since this administration adopted its excessive interest rate policies. The inflationary spiral, fueled from unchecked price increases by concentrated big industry, continues to pile economic distress atop economic distress for America's millions of salary and wage earners, elderly, poor, retired and even small business. These policies have succeeded only in bringing on a recession, increasing unemployment by more than 1¼ million and creating a crisis of confidence in this administration's economic leadership.

Over a year ago, when the White House announced the withdrawal of the powers of the Presidency from influence on the price-wage increases, and when it became clear that the policy of excessive interest rates and tight money favoring only those with an abundance of money was being put into effect, responsible Members of Congress warned of the consequences. Repeatedly, we have called for a change in the failing policies, and for use of the tools which were provided by the Congress.

It is ironic to note that even some of the early architects of this failing policy have now joined us in calling for change and for action.

Further delay on the part of the administration to move, and move vigorously, to combat soaring inflation and accompanying recession will only compound the errors of the past 16 months. Once again, I call on the economic policymakers of this administration to face reality, to recognize that its policies have failed, to change directions and to join in efforts to combat recession and control inflation.

MAO PREDICTS NIXON DEFEAT AT HOME AND ABROAD

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

Mr. HUNT. Mr. Speaker, on May 20 the Washington Star, a newspaper published in the District of Columbia, amplified some of the statements which many liberal Members of this House and the other body have been making insofar as the hamstringing of President Nixon's program has been concerned.

It is unusual to find a dateline from Hong Kong being inserted, tying together exactly what we have been saying for so long, trying to warn our colleagues and the American public.

Mao's statement exuded confidence that the United States is unable to cope with its problems, especially since the Cambodian intervention began three weeks ago.

In a very carefully worded statement Mao Tse-tung, the Chinese Red dictator, says as follows:

The Nixon Government is beset with troubles internally and externally, with utter chaos at home and extreme isolation abroad.

He said further:

The danger of a new World War still exists and the people of all countries must get prepared.

These are his words.

And, he continues by saying:

But revolution is the main trend in the world today. Standing against this trend, he indicated, is the United States, but it cannot stand for long.

Mr. Speaker, Mao Tse-tung, the Chinese leader, is advocating revolution and telling the American people that we are the only country that stands between him and world revolution. Yet, today we have those people in our country who shout "To the barricades," not knowing what they are saying, to destroy their own country, to bring us down in utter confusion, and to pull us down at this time when our brave men are fighting and dying over there, not because they want to, but because they are there as ordered. Many of us did not vote to send them there. We are trying to get them back as soon as possible. But I say to the Members of this House, "Good Lord, do not play into the hands of Mao Tse-tung."

Now, Mr. Speaker, what else does Mao say?

He said:

I am convinced that the American people who are fighting valiantly at home will ultimately win victory and that the fascist rule of the United States will inevitably be defeated.

In other words, he is saying, Mr. Mao is saying, that the people who are shouting "To the barricades, and revolution," "We the Communists want to ruin your country and I am with you and you are with me. Continue your efforts to tear down your country." "We, the Communist forces are with you."

How long will the people of these United States tolerate those who consistently attack our liberty?

PERMISSION TO COMMITTEE ON APPROPRIATIONS TO FILE REPORT

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on the bill making appropriations for the Department of Transportation and related agencies for the fiscal year 1971.

Mr. CONTE reserved all points of order on the bill.

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

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 17550, SOCIAL SECURITY AMENDMENTS OF 1970

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1022 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1022

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes, and all points of order against said bill for failure to comply with clause 3, Rule XIII are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority members of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. SMITH) pending which I yield myself such time as I may consume.

Mr. Speaker, this is a closed rule providing for 4 hours of general debate on the Social Security Act amendments.

The rule is unusual only as to the noncompliance with the Ramseyer rule, because compliance with the Ramseyer rule would necessitate such a voluminous report. Therefore, the rule provides for a waiver of points of order on the basis of noncompliance with clause 3, rule XIII, which of course is the Ramseyer rule.

The rule provides for one motion to recommit.

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

Mr. BOLLING. I am delighted to yield to the gentleman from Iowa.

Mr. GROSS. Is it not a fact, with respect to a closed rule, and irrespective of the Ramseyer rule, that all bills out of the Committee on Ways and Means are considered under closed rules—virtually all of them—except what might be called unimportant bills dealing with the importation of scarce metals or articles? Is it not a fact that they all come out under closed rules?

Mr. BOLLING. I will say to the gentleman from Iowa that my experience to date is that all the bills that come from the Committee on Ways and Means which have dealt with the opening up of the tax code and reciprocal trade and social security have been under closed rules.

On occasion the Committee on Ways and Means seems to have a series of unanimous consent bills that come up, but I would say to the gentleman, speaking only for myself, I do not have a closed mind on the possibility of, sometime in the future, the Committee on Rules providing a modified closed rule on a bill from the Committee on Ways and Means on taxes, or some other subject. But it was the judgment of the Committee on Rules, and I believe unanimously, on this occasion, with one exception, that the bill deserved to come in under what has become in modern times, the usual practice—under a closed rule.

Mr. GROSS. I applaud the gentleman's statement and join him in the hope that at some future time—probably in the distant future—the House may get a bill of importance out of the Committee on Ways and Means under an open rule or at least a modified open rule.

We could have had a closed rule for this legislation with respect to the Ramseyer rule for I do not think anyone wants an expensive volume of printing, but we could have had an open rule on amendments. I believe the gentleman will agree.

Mr. BOLLING. Actually, there is no question but that that could have happened. But what we have as to the Ramseyer rule is not a closed rule—but a waiver of points of order on the basis of this rule.

Mr. GROSS. Well, all right.

Mr. BOLLING. I would like to say to the gentleman that I am quite serious about believing that sometime in the future, there may well be a modified closed rule on some tax bill, and particularly on one dealing with tax reform.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, as stated by the distinguished gentlemen from Missouri, we are about to consider the bill, H.R. 17550, the Social Security Amendments of 1970, under a closed rule with 4 hours of debate waiving points of order so far as the Ramseyer rule is concerned, and permitting amendments only as offered by the committee.

Now, Mr. Speaker, this is indeed a complex, complicated and far-reaching bill. I did not see it until late Saturday and spent Sunday reading the bill and report. I am not certain that I know everything that is in the bill, in fact, I am certain I do not. In fact, those who are on the Committee on Ways and Means who have heard the extended testimony are more competent to explain this bill than am I.

But in any event, as I understand it, the purposes of this bill are:

First, to provide for a 5-percent benefit increase, beginning January 1, 1971; second, to amend the medicare and medicaid programs to provide increased efficiency in their operation and administration; third, to provide increased benefits for widows and dependents and certain disabled beneficiaries; and, fourth, to increase the tax in order to keep the several programs actuarially sound.

The bill provides an across-the-board increase to social security beneficiaries of 5 percent, effective beginning January 1, 1971. This increase will be applicable to some 26,200,000 beneficiaries. The pro-

jected cost of this increase for the remainder of the 1971 fiscal year is $700,000,000. For the first calendar year, 1971, the projected cost is $1,700,000,000.

Under the new benefit schedule, beginning in January of next year, the minimum benefit for a beneficiary would be $67.20, up from the present $64. A couple or a widow with two children would receive at least $100.80, up from $96.

At the same time the bill increases the amount of earnings a beneficiary under age 72 may receive during a year and still qualify for his full benefits. The present figure of $1,680 is increased by the bill to $2,000. For the next $1,200 in earnings, a beneficiary would have his benefit reduced $1 for every $2 of earnings. If a beneficiary earned more than $3,200 in a year, he would have his benefit reduced by $1 for each dollar above that earnings level. This provision takes effect for all taxable years ending after 1970. Additional benefit payments in the first year are estimated to total $475,000,000.

Widows—or widowers—have their benefit level increased. Current law gives a widow, after age 62, a benefit level equal to 82½ percent of her deceased husband's benefit. The bill will permit a widow at 65 to receive 100 percent of her husband's benefit. This change is estimated to cost some $700,000,000 during the first year.

Also amended by the bill is the difference in determining benefits between men and women. This covers such items as using age 65 for men and 62 for women in fixing average earning levels, and benefit eligibility. By making rules for all beneficiaries the same—at age 62—the bill will increase benefits to male beneficiaries by about $925,000,000 during the first year.

The bill makes a number of liberalizing changes in current law with respect to disabled beneficiaries. These cover the blind, and those beneficiaries who are also eligible to receive workmen's compensation.

Servicemen will also receive additional benefits. Wage credits will be given for those beneficiaries who were in the Armed Forces between 1957 and 1967. Some 130,000 beneficiaries will receive $35,000,000 during the first year due to this change.

The total projected costs of these changes in the benefit levels and programs during the first year is estimated at between $3 and $4 billion. Costs in each category are not additive because an individual beneficiary may be affected by more than one provision.

The bill also makes a number of changes in the medicare and medicaid programs. They are primarily technical in nature, aimed at tightening up and improving present operation and administration of the two programs. These include: First, authority for the Secretary of Health, Education, and Welfare to set reasonable cost limits on services based on comparison of costs in the same area; second, limitations on increases in doctor's fees; third, authority for the Secretary of Health, Education, and Welfare to cut off payments to suppliers of health services found to be guilty of program abuses; fourth, a reduction in the Federal matching share in such programs as nursing care homes and mental hospitals; fifth, an increase in the Federal matching share for outpatient hospital services, clinic services, and home health services.

All covered employees would pay more in social security taxes beginning January 1, 1971. The tax rate would be applied to the first $9,000 of income, up from current $7,800 figure. The rate of tax on each employee would rise from the current 4.8 percent to 5.2 percent during 1971–72; to 6 percent in 1975 and to 6.5 percent by 1980.

The committee believes that these increases will keep the programs actuarially sound. The estimated actuarial balance of —.12 percent is not quite within the established limit of the system, —.10, but the difference is small and the committee believes it will be made up when data on 1971 pay-in to the fund is available.

We heard this bill in the Rules Committee on Monday morning. At that time I did not know there were any objections whatsoever to this particular measure. But starting Tuesday, to and including yesterday, I have received a number of telegrams and letters in relation to the bill. In fact, from my district I have received 71 telegrams in opposition to several portions of the bill and seven letters against. I have attempted to check into some of the things which were transmitted to me in an effort to find out what the objections are and what answers there might be to them. I attempted to see if I could get an explanation. At least they would be in the RECORD, and possibly the distinguished chairman and the distinguished ranking minority member will help to clear up these questions.

Although there are some portions of the bill which are not going to be beneficial to some States and some individuals, still there is a tremendous amount of good in the bill. So we will have to weigh the advantages and disadvantages.

I did want the RECORD to show the type of messages I have received. Maybe other Members have received similar messages. The ones I have are all from California. The first is from the administrator of one of the convalescent hospitals in my district. He states—

MONTROSE, CALIF.,
May 18, 1970.

Hon. H. ALLEN SMITH,
House of Representatives,
Washington, D.C.:

Cutbacks in the medicaid program could have disastrous effects on elderly patients. All our patient's families have been contacted and we all urge a no vote on H.R. 17550 to be voted on Wednesday, May 20th. Patients, their families and myself request to know how you voted. Please reply.

SHELDON A. ROSENBLUM,
Administrator, Montrose Convalescent Hospital.

I have a telegram from the California Association of Nursing Homes, which says:

WASHINGTON, D.C., *May 15, 1970.*

Hon. H. ALLEN SMITH,
House of Representatives,
Washington, D.C.:

(The bill grants increases to social security beneficiaries and at the same time limits welfare patients (large percentage of which are senior citizens) to ninety days nursing home care after which Federal percentage of matching funds is reduced thirty-three and one-third percent and hospital and mental hospital benefits similarly reduced after sixty days.)

This will cost our State several million dollars in matching funds and may result in our State plan being out of compliance with the Department of Health, Education, and Welfare. Although House Ways and Means held two sets of hearings on the titles 18 and 19 amendments, these provisions were never discussed because they were submitted by HEW long after the hearings closed. We believe in view of all this H.R. 17550 should not have gag rule—should have eight hours of debate with certain floor amendments allowed.

CALIFORNIA ASSOCIATION OF NURSING HOMES, SANITARIUMS, REST HOMES AND HOMES FOR THE AGED.
SACRAMENTO, CALIF.

I also have a telegram from an individual which says:

BURBANK, CALIF.

Hon. H. ALLEN SMITH,
House of Representatives,
Washington, D.C.:

H.R. 17550 due Wednesday crime against old, sick, needy vote no. Community watching your stand.

KATHERINE ARTU.

Governor Reagan said:

WASHINGTON, D.C., *May 19, 1970.*

Hon. H. ALLEN SMITH,
Rayburn Building,
Washington, D.C.:

We understand that the Social Security amendments (H.R. 17550) will be considered by the House this week, if a rule is granted. The California Dept. of Health Care Services estimates that, in its present form the bill contains the provisions of H.R. 16654 (formerly H.R. 16264) which would increase State costs in fiscal 1970–71 by $20.4 million.

We understand Congress desire to reduce expenditures in the title XIX (medicaid) program. As you may know, California, has taken action this year to contain the ever increasing financial pressures in the medical program. We support continued efforts to contain medical care costs at the national level. We are concerned, however, that the change in Federal participation is not a true cost reduction measure. While it does no doubt reduce Federal expenditures, it does so in a way that shifts the fiscal burden to the States. Furthermore, the 235 million saved is earmarked by Bureau of Budget to help defray fiscal 1971 start up costs of Welfare Reform Act which is still a long way from law. We request that you withhold support of this portion of H.R. 17550.

RONALD REAGAN,
Governor, State of California.

Based upon those, I talked to a number of people yesterday, and this is the information I wanted to bring to the attention of the chairman of the Ways and Means Committee so that he can appropriately clear the record regarding it.

The individuals I talked to yesterday stated:

The proposed amendment to title XIX would be—

First, an increase in the Federal matching percentage by 25 percent for outpatient hospital services, clinic services and home health services;

Second, a decrease in the Federal percentage by one-third after the first 60 days of care—in a fiscal year—in a general or TB hospital;

Third, a reduction in the Federal percentage by one-third after the first 90 days of care in a skilled nursing home;

Fourth, a decrease in Federal matching by one-third after 90 days of care in a mental hospital and provision for no Federal matching after an additional 275 days of such care during an individual's lifetime; and

Fifth, authority for the Secretary to compute a reasonable cost differential for reimbursement purposes between skilled nursing homes and intermediate care facilities.

My conclusion, from what they stated was that the States must then take action to—

First. Absorb the fiscal impact with State and local funds, or

Second. Reduce overall medicaid benefits, or

Third. Reduce skilled nursing home benefits regardless of patient need, or

Fourth. Classify patients as "intermediate care" or "custodial." Many States do not have an intermediate care program. Some States with an intermediate care program have already classified nursing homes and patients as intermediate care on a wholesale basis without regard to required standards or patient needs. The Feredal financial assistance in intermediate care is limited to grant-in-aid recipients. Medical-assistance-only patients in the medicaid program would not be eligible for Federal assistance in intermediate care facilities.

Mr. Speaker, I have attempted to check on these statements, and I have come to some personal conclusions.

It looks like the language they are questioning is found in the bill on page 83 beginning on line 21, and continuing through line 16 on page 87. In the committee report a discussion of this language is found beginning at (e) at the bottom of page 38 and continuing on page 39.

What the bill does is to attempt to encourage the several States to more efficiently and less expensively use the medicare and medicaid programs. To do this the bill provides for an increase in Federal matching funds by 25 percent for outpatient hospital services, clinical health services and home health services. At the same time, the bill decreases the Federal matching share payments by one-third after a patient's first 60 days in a general or TB hospital.

Also reduced by one-third is the Federal matching share after the first 90 days of patient care in a skilled nursing home or a mental hospital.

The reductions in Federal matching funds for institutional care, coupled with the increase in Federal matching funds for out-of-hospital patient care, reflects the bill's intention to cut costs of these programs.

The Ways and Means Committee has also received information concerning the average length of stay and similar statistics indicating that their cutoff is more than reasonable.

The nursing homes, however, state that they are in a box. Their position is that a number of patients need more care than an arbitrary 90-day period, that most nursing homes must operate at between 80 and 85 percent continuous bed capacity in order to make it economically. They fear that when patients are cut off from full Federal assistance after 90 days that new patients will not be available to fill the beds at the higher Federal matching payment level for a new 90-day period.

With the generally tight budget straits that most States find themselves in at the present time, it would seem to me rather unlikely that the States will try to pick up the slack caused by the reduction in the Federal percentage. As Governor Reagan pointed out, it could cost California $20.4 million the first year. Therefore, it does seem likely the States will cut back to the Federal level, thus reenforcing the fears of the nursing home people with respect to their economic situation.

So there is a dilemma here. Any cutoff will be arbitrary. Some indigent patients with no means of support and a disease requiring skilled nursing home care over a period exceeding 90 days probably are going to have some problems. Either the patient will have to pay $30 a day out of his own pocket, or, if he is unable to do it, probably the nursing home will have to pay or absorb it. Obviously patients in that condition will not be turned into the street.

Without being critical, I imagine there are some patients in these skilled nursing homes today who could well be moved out before the 90 days but they are not moved out in order to keep the beds full and to keep the Federal funds coming in.

However, I do suggest that some language might be considered to provide a waiver of the 90-day rule. It could provide for a medical review of any case where the doctor in charge believes that additional skilled care is required.

It seems that some cutoff date, reasonably arrived at, should be instituted in order that the Federal Government can assure some control over the expenditures of the Federal matching fund program.

While the nursing home people can make a case for possible future impairment of income due to the 90-day cutoff in the bill, I raise a question as to whether or not the constant clamor of patients to get into hospitals and the resulting overflow will not continue to provide for the skilled nursing home industry a continous flow of patients who are well enough to leave a hospital but still will require regular doctor and nursing care.

Obviously, no legislation can be perfect. There are some bad parts in this bill, but there are a number of very, very good provisions.

Mr. Speaker, if either the distinguished chairman of the committee or the ranking minority member wish to make any comments in connection with this, I will be more than pleased to yield to them. If not, I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I have some strong reservations about portions of this particular bill, H.R. 17550. I want to ask some questions that I think should be answered before we proceed with the rule. I have just now been able to reach the floor and I have not, therefore, heard all of the discussion of the two speakers who preceded me. I hope I am not repeating in some of these questions which concern me, but I think they ought to be discussed by this body.

I have received considerable correspondence and many telegrams from the skilled nursing homes in my district. I am sure many of my colleagues have received a similar number of protests or expressions of concern. These nursing homes and my Texas State Department of Welfare are concerned about section 225 of this bill, which deals with the establishment of incentives for States to emphasize outcare under the medicaid program. This provision, among other things, provides for the cutback of one-third of the Government's share of matching funds for every patient who stays in a skilled nursing home after 90 days. In Texas the Federal Government's share is two-thirds of the cost and the State's share is one-third. In some States the Federal Government's share is even greater. I believe it is in the State of Arkansas.

My concern is with regard to these patients who are still ill and require care after 90 days. Where are they going to go when the money is cut off? The Texas State Department of Welfare is already having severe trouble meeting its increased financial requirements. They are not sure that they can make up this loss of one-third of the Federal funds. So if the States cannot make up for the lost funds, then where are the sick and the elderly poor going to be cared for after 90 days?

Now, I suppose and I understand that it is intended that some of the patients can be placed in intermediate care centers, but I do not see any assurance here that there are near enough of these intermediate care facilities to handle all of these people who are going to be turned out of these skilled nursing homes after 90 days.

Also, where is the State going to get the money to care for the person whose health condition is so poor that he requires nursing care for a period longer than 90 days?

I certainly do not see why or how 90 days was picked as the cutoff point. It sounds as though that is an arbitrary number of days to me. How can we say everyone ought to be well enough to leave a skilled nursing home after 90 days?

The stated purpose of this bill is to encourage the States to utilize less expensive care than the skilled nursing home, such as the intermediate care centers. I want to know where is the money going to come from to pay for this increased use of these health care centers, these intermediate care centers.

Does it say in this bill that the Federal Government is going to increase the amount of matching funds that it is now putting into intermediate care centers, how much those intermediate care centers are going to cost the State, and where are they going to get the funds even if the Federal Government increases its share to the intermediate facilities? I am still concerned about where the States are going to get the funds with

which to obtain the skilled nursing care for a period of more than 90 days.

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

Mr. PICKLE. I yield to the gentleman from Texas.

Mr. KAZEN. The gentleman it seems to me is confusing two issues. The intermediate care centers are not the same thing as your skilled nursing institutions. You cannot substitute one for the other. In rural areas you do not even have enough nurses to staff the hospitals, and a lot of our hospitals are losing their affiliation with the medicare program as a result thereof. Where in the world would these people go if this skilled nursing service is denied them?

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. PICKLE. Mr. Speaker, I wonder if the gentleman from Missouri would yield to me 5 additional minutes?

Mr. BOLLING. The gentleman desires 5 additional minutes?

Mr. PICKLE. Yes.

Mr. BOLLING. I would be delighted to yield the gentleman 5 additional minutes.

Mr. KAZEN. Mr. Speaker, if the gentleman would yield further, I would remind the gentleman that there is no substitute for the skilled nursing program. Certainly the majority of the people that are in the skilled nursing facilities require more than the 90 days' care. In Texas alone I was advised this morning that this program is going to cost the State $33 million to begin with and they do not know where they are going to get it. Mr. Speaker, I commend the gentleman from Texas for his remarks and wish to associate myself with his position.

Mr. PICKLE. If I may respond to the gentleman, Mr. KAZEN, I am not confused; at least, I do not think I am confused about the difference between the skilled nursing homes and intermediate care centers. I was advised yesterday that within the next year and a half, the next 18 months, it will cost Texas nearer the figure of $60 million but I do not have the comparative figures for the various other States.

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

Mr. PICKLE. I yield to the gentleman from Florida.

Mr. FUQUA. I want to thank the gentleman for bringing this to the attention of the House because this is a very important matter and I want to associate myself with the remarks that the gentleman has made.

I want to support this bill. However, this is a very unfair provision. It will work a hardship on our States, especially in view of the fact that there has been no advance notice and many of the State legislatures are not in session. However, they are going to have to come up with this money. I see no way possible whereby they can make up the deficit they will be required to make if this particular section is enacted.

I would hope we could amend the rule in order to debate this particular issue and not have to depend entirely upon a motion to recommit.

Mr. MILLS. Mr. Speaker, will the gentleman yield to me at this point?

Mr. PICKLE. I shall yield to the distinguished gentleman from Arkansas to make a statement but before I yield to the gentleman I want to ask, What are we going to do with the nursing home industry, when we suddenly say to them, "We are not going to pay for any of this care after 90 days." This is a little harsh and constitutes a sudden requirement which they have got to meet. I am sure that there is some truth to the statement that some of the skilled nursing homes have either abused or have kept some of the patients in the home longer than, say, the 90 days that you have arbitrarily set in this bill. Perhaps, they have kept them there longer than necessary, I know in some cases up to 800 days. But to say in this bill, without a chance to amend it in order to get at the problem involved in carrying out the intent of the provision and that we have got to take it all, does violence to the skilled nursing home problem. I am concerned that if this rule is adopted we will have no chance to amend it or to work on it. We are not dealing with the tax aspect. We are talking about the skilled nursing care problem.

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

Mr. PICKLE. I yield to the gentleman from Kentucky.

Mr. STUBBLEFIELD. Mr. Speaker, I thank the gentleman from Texas for yielding, and I want to associate myself with the remarks being made by the gentleman from Texas. I too am deeply concerned about this bill, because the Kentucky State Legislature does not meet again for 2 years, and I do not know where in the world they are going to get the money to handle this situation.

Mr. PICKLE. Mr. Speaker, I would say to the gentleman from Kentucky that I think the problem that his State is faced with is the same one all the States are facing, and they are certainly becoming alarmed about this situation.

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

Mr. PICKLE. I yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Speaker, I thank the gentleman for yielding, and I am not going to accuse the gentleman's State of being in the same category as some of the other States in the administration of this program, but if the gentleman is telling the House that this means a $30 million increase in the cost to the State then it simply means that the gentleman's State is not going to correct what we have found to be a real problem in connection with the Federal costs in these nursing homes. There is undoubtedly more overutilization in the skilled nursing homes than there is anywhere else when we hear about this problem because in many instances they keep people in these skilled nursing homes for long periods of time when the facts are, in a great majority of the cases, that the patient or the individual would be just as well off in the intermediate care-type nursing home, which is the type nursing home in the gentleman's State and my State that is in the big majority.

These skilled nursing homes are the skilled nursing homes that require a nurse around the clock. The patient who is there is supposed to have a doctor, maybe not every day, but on certain occasions. If they do not need that degree of care, then why continue to pay for that type of care when the other care will do them just as much good?

The SPEAKER. The time of the gentleman has again expired.

Mr. PICKLE. Mr. Speaker, will the gentleman from Missouri yield me 2 additional minutes?

Mr. BOLLING. Mr. Speaker, I yield 2 additional minutes to the gentleman from Texas.

Mr. MILLS. If the gentleman will yield further, these are the facts that we have found in our investigations.

Mr. PICKLE. I thank the gentleman for the additional time, because I want to respond to the gentleman from Arkansas on this matter.

I can report to the gentleman that my State has reported to me it will cost them in our State a very large sum of money, whether $30 million or $60 million, I am not sure, and it does concern them.

Mr. MILLS. If the gentleman will yield further, it could not cost that much money because, in the first place, there is not that much money involved in it.

Mr. PICKLE. I am more apt to believe that my State knows as much what they are talking about as the gentleman does.

Mr. MILLS. They do not in this instance.

Mr. PICKLE. The second thing is this: I have said that there may be some abuses in these skilled nursing homes——

Mr. MILLS. A whole lot of it.

Mr. PICKLE. I have some familiarity with the problem. I too sometimes wonder if they should keep them that number of days, and if it is not too long. But this bill is going to arbitrarily select a date of 90 days, and then turn them out. Well, that creates a big problem. I have no assurance that in my State there are enough of these intermediate care centers, and of those that we have they are already overloaded. All you are going to do is put more money into this particular sector. You do not really cure the problem. You do not give us any chance to work out this problem when you adopt this rule that is a closed rule.

Mr. MILLS. If the gentleman will yield further; if the gentleman's State does not change any of its present practices with respect to this program there would be an additional cost on your State of around $3 million. But the whole purpose of it is to avoid this cost to the Federal Government and to the State governments through elimination of this abusive overutilization, and I am sure the gentleman would want that done for his taxpayers.

Mr. PICKLE. Mr. Speaker, our State is willing to cooperate in trying to find a better answer to the nursing problems, but for this particular Committee on Ways and Means to come out and tell us you are going to make this a 90-day cutoff period because of these alleged abuses, and not give them a chance to work out some other solution, is an unfair position to put the States in.

Mr. MILLS. It is the same kind of limitation we have with respect to medicare and have had since its inception.

Mr. PICKLE. I hope, Mr. Speaker, that this rule may not be adopted so that we will have a chance to send it back to committee, and have a chance to work on this particular section on the nursing program.

The SPEAKER. The time of the gentleman has again expired.

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

The SPEAKER. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the ayes appeared to have it.

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

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant-at-Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 201, nays 181, not voting 47, as follows:

[Roll No. 132]

YEAS—201

Abbitt	Edmondson	Mathias
Adair	Edwards, Ala.	May
Addabbo	Eilberg	Mayne
Albert	Erlenborn	Meskill
Alexander	Eshleman	Michel
Anderson, Ill.	Evins, Tenn.	Miller, Ohio
Annunzio	Fallon	Mills
Arends	Fascell	Minshall
Baring	Feighan	Mize
Barrett	Findley	Mizell
Beall, Md.	Fish	Mollohan
Berry	Flood	Moorhead
Betts	Flowers	Morgan
Biaggi	Ford, Gerald R.	Morton
Biester	Frelinghuysen	Mosher
Blackburn	Friedel	Murphy, Ill.
Blanton	Fulton, Tenn.	Murphy, N.Y.
Boggs	Garmatz	Myers
Boland	Gibbons	Nedzi
Bolling	Gilbert	Nelsen
Bow	Goodling	Nix
Brasco	Gray	Olsen
Bray	Green, Pa.	O'Neal, Ga.
Brown, Ohio	Griffiths	Pepper
Broyhill, N.C.	Gubser	Perkins
Broyhill, Va.	Hagan	Pettis
Buchanan	Hall	Poff
Burke, Fla.	Halpern	Price, Ill.
Burke, Mass.	Hamilton	Pryor, Ark.
Burleson, Tex.	Hammer-schmidt	Pucinski
Burlison, Mo.	Hanley	Quie
Burton, Utah	Hansen, Idaho	Railsback
Button	Hansen, Wash.	Rees
Byrnes, Wis.	Harvey	Reid, Ill.
Carey	Hastings	Rhodes
Cederberg	Hogan	Rivers
Celler	Holifield	Robison
Chamberlain	Hosmer	Rodino
Chappell	Hull	Rooney, N.Y.
Clancy	Hunt	Rostenkowski
Clark	Hutchinson	Ruppe
Clausen, Don H.	Ichord	Ruth
Collier	Johnson, Calif.	Sandman
Conable	Johnson, Pa.	Satterfield
Corbett	Jonas	Scherle
Corman	Jones, Tenn.	Schneebeli
Coughlin	Kee	Schwengel
Cowger	Keith	Shipley
Cramer	Landrum	Sisk
Crane	Langen	Smith, N.Y.
Cunningham	Latta	Snyder
Daniel, Va.	Lukens	Springer
Daniels, N.J.	McClory	Staggers
Davis, Wis.	McCloskey	Stanton
Delaney	McCulloch	Steed
Dellenback	McDade	Steiger, Ariz.
Denney	McDonald, Mich.	Talcott
Dent	Madden	Teague, Calif.
Devine	Mailliard	Thompson, Ga.
Dingell	Marsh	Thomson, Wis.
Dulski	Martin	Udall
Dwyer	Mathias	Ullman
Vanik	Williams	Vander Jagt
Vigorito	Wilson, Bob	Wyman
Watkins	Wilson, Charles H.	Zablocki
Watts	Wyatt	Zion
Whalen	Wylie	Zwach
Widnall		

NAYS—181

Abernethy	Haley	Poage
Adams	Hanna	Podell
Anderson, Calif.	Harrington	Powell
Andrews, Ala.	Harsha	Preyer, N.C.
Andrews, N. Dak.	Hathaway	Price, Tex.
Ashbrook	Hawkins	Purcell
Bennett	Hébert	Quillen
Bevill	Hechler, W. Va.	Randall
Blatnik	Heckler, Mass.	Rarick
Brademas	Helstoski	Reid, N.Y.
Brinkley	Henderson	Reuss
Brock	Hicks	Riegle
Brooks	Horton	Roe
Broomfield	Howard	Rogers, Fla.
Brotzman	Hungate	Rooney, Pa.
Burton, Calif.	Jarman	Rosenthal
Cabell	Jones, N.C.	Roth
Caffery	Karth	Roybal
Camp	Kastenmeier	Ryan
Carter	Kazen	St Germain
Casey	King	Schadeberg
Clawson, Del	Koch	Scheuer
Cleveland	Kuykendall	Scott
Collins	Kyros	Sebelius
Conte	Lennon	Shriver
Conyers	Lloyd	Sikes
Culver	Long, La.	Skubitz
Daddario	Long, Md.	Slack
de la Garza	Lowenstein	Smith, Calif.
Dennis	Lujan	Smith, Iowa
Derwinski	McClure	Stafford
Dickinson	McEwen	Steiger, Wis.
Diggs	McFall	Stephens
Donohue	McKneally	Stratton
Dorn	McMillan	Stubblefield
Dowdy	Macdonald, Mass.	Stuckey
Downing	Mahon	Sullivan
Duncan	Mann	Taft
Eckhardt	Meeds	Taylor
Edwards, La.	Melcher	Teague, Tex.
Esch	Mikva	Thompson, N.J.
Evans, Colo.	Minish	Van Deerlin
Farbstein	Mink	Waggonner
Fisher	Monagan	Waldie
Flynt	Montgomery	Wampler
Foreman	Morse	Watson
Fountain	Moss	Weicker
Fraser	Natcher	Whalley
Frey	Nichols	White
Fulton, Pa.	Obey	Whitehurst
Fuqua	O'Hara	Whitten
Galifianakis	O'Konski	Wiggins
Gaydos	O'Neill, Mass.	Winn
Gettys	Passman	Wold
Giaimo	Patman	Wolff
Gonzalez	Patten	Wright
Griffin	Pelly	Wydler
Gross	Philbin	Yates
Grover	Pickle	Yatron
Gude	Pike	Young
	Pirnie	

NOT VOTING—47

Anderson, Tenn.	Dawson	McCarthy
Ashley	Edwards, Calif.	MacGregor
Aspinall	Foley	Matsunaga
Ayres	Ford, William D.	Miller, Calif.
Belcher	Gallagher	Ottinger
Bell, Calif.	Goldwater	Pollock
Bingham	Green, Oreg.	Reifel
Brown, Calif.	Hays	Roberts
Brown, Mich.	Jacobs	Rogers, Colo.
Bush	Jones, Ala.	Roudebush
Byrne, Pa.	Kirwan	Saylor
Chisholm	Kleppe	Stokes
Clay	Kluczynski	Symington
Cohelan	Kyl	Tiernan
Colmer	Landgrebe	Tunney
Davis, Ga.	Leggett	

So the previous question was ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Hays for, with Mr. Edwards of California against.

Mr. Colmer for, with Mr. Brown of California against.

Mr. Kluczynski for, with Mr. Roberts against.

Mr. Aspinall for, with Mr. Stokes against.

Mr. Rogers of Colorado for, with Mr. Bingham against.

Mr. Matsunaga for, with Mrs. Chisholm against.

Mr. Byrne of Pennsylvania for, with Mr. Clay against.

Mr. Miller of California for, with Mr. Ottinger against.

Mr. Landgrebe for, with Mr. McCarthy against.

Mr. Kyl for, with Mr. Leggett against.

Mr. Roudebush for, with Mr. Foley against.

Mr. Kirwan for, with Mr. Symington against.

Mr. Reifel for, with Mr. Goldwater against.

Until further notice:

Mrs. Green of Oregon with Mr. Ayres.

Mr. Jones of Alabama with Mr. MacGregor.

Mr. Tunney with Mr. Pollock.

Mr. Davis of Georgia with Mr. Bush.

Mr. Ashley with Mr. Saylor.

Mr. Tiernan with Mr. Belcher.

Mr. William D. Ford with Mr. Brown of Michigan.

Mr. Cohelan with Mr. Bell of California.

Mr. Jacobs with Mr. Dawson.

Mr. Anderson of Tennessee with Mr. Kleppe.

Messrs. FISHER, MAHON, HECHLER of West Virginia, ECKHARDT, FRASER, MONAGAN, WHALLEY, and HARRINGTON changed their votes from "yea" to "nay."

Mr. TEAGUE of California and Mr. BIAGGI changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Leonard, one of his secretaries, who also informed the House that on May 21, 1967, the President approved and signed bills of the House of the following titles:

H.R. 14465. An act to provide for the expansion and improvement of the Nation's airport and airway system, for the imposition of airport and airway user charges, and for other purposes.

PROVIDING FOR CONSIDERATION OF H.R. 17550, SOCIAL SECURITY AMENDMENTS OF 1970

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

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

The SPEAKER. Evidently a quorum is not present.

PARLIAMENTARY INQUIRY

Mr. BURTON of California. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. BURTON of California. Mr. Speaker, as I understand the situation, if the rule is rejected, then that would leave us an effective opportunity to restore the current Federal matching to the States for certain nursing home care after 90 days; is that correct, Mr. Speaker?

The SPEAKER The Chair understands the gentleman's question, but the Chair must state that that is not a parliamentary inquiry.

PARLIAMENTARY INQUIRY

Mr. BOLLING. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BOLLING. As the manager of the rule, would I be correct in stating that the parliamentary situation would be that if this rule were defeated, the bill made in order by the rule, namely, the increase in social security, could not come up?

The SPEAKER. The Chair will state that that is a matter of procedure and a question for the gentleman from Arkansas.

Mr. BOLLING. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BOLLING. If the rule making in order the bill which is provided for by the rule were defeated, the bill would not be in order?

The SPEAKER. The Chair will state, without passing upon the question at this point as to whether or not this would be a privileged bill, that if the rule should be rejected the bill would not come up at this time.

Mr. BYRNES of Wisconsin. Mr. Speaker, will you permit me to comment on the fact that the report on this bill did not comply with the Ramseyer rule, so an objection could be made to bringing up the legislation unless there is a rule waiving that point of order.

Mr. MILLS. That is exactly the point of the gentleman from Missouri.

The SPEAKER. The Chair has ruled that a quorum evidently is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 297, nays 83, not voting 49, as follows:

[Roll No. 133]

YEAS—297

Abbitt	Burlison, Mo.	Derwinski
Adair	Burton, Utah	Devine
Addabbo	Button	Diggs
Albert	Byrnes, Wis.	Dingell
Alexander	Camp	Donohue
Anderson, Ill.	Carey	Dorn
Andrews, Ala.	Carter	Downing
Andrews, N. Dak.	Casey	Dulski
	Cederberg	Duncan
Annunzio	Celler	Dwyer
Arends	Chamberlain	Eckhardt
Barrett	Chappell	Edmondson
Beall, Md.	Clancy	Edwards, Ala.
Bennett	Clausen, Don H.	Eilberg
Berry		Erlenborn
Betts	Collier	Esch
Bevill	Conable	Eshleman
Biaggi	Conyers	Evans, Colo.
Biester	Corbett	Evins, Tenn.
Blackburn	Corman	Fallon
Blanton	Coughlin	Farbstein
Boggs	Cowger	Fascell
Boland	Cramer	Feighan
Bolling	Crane	Findley
Bow	Culver	Fish
Brasco	Cunningham	Flood
Bray	Daddario	Flowers
Brown, Ohio	Daniel, Va.	Ford, Gerald R.
Broyhill, N.C.	Daniels, N.J.	Ford, William D.
Broyhill, Va.	Davis, Wis.	
Buchanan	Delaney	Fountain
Burke, Fla.	Dellenback	Frelinghuysen
Burke, Mass.	Denney	Friedel
Burleson, Tex.	Dent	Fulton, Pa.
Fulton, Tenn.	Marsh	Ruth
Galifianakis	Martin	Ryan
Gallagher	Mathias	St Germain
Garmatz	May	Sandman
Gaydos	Mayne	Satterfield
Giaimo	Meeds	Schadeberg
Gibbons	Meskill	Scherle
Gilbert	Miller, Ohio	Scheuer
Goodling	Mills	Schneebeli
Gray	Minish	Schwengel
Green, Oreg.	Mink	Scott
Green, Pa.	Minshall	Sebelius
Griffiths	Mollohan	Shipley
Grover	Monagan	Shriver
Gubser	Moorhead	Sikes
Gude	Morgan	Sisk
Halpern	Morton	Skubitz
Hamilton	Mosher	Slack
Hammer-schmidt	Moss	Smith, Calif.
	Murphy, Ill.	Smith, Iowa
Hanley	Murphy, N.Y.	Smith, N.Y.
Hanna	Myers	Snyder
Hansen, Idaho	Natcher	Springer
Harrington	Nedzi	Stafford
Harsha	Nelsen	Staggers
Harvey	Nix	Stanton
Hastings	O'Hara	Steed
Hathaway	O'Konski	Steiger, Ariz.
Hébert	Olsen	Steiger, Wis.
Hicks	O'Neal, Ga.	Stratton
Hogan	O'Neill, Mass.	Sullivan
Holifield	Ottinger	Taft
Hosmer	Patten	Talcott
Howard	Pelly	Teague, Calif.
Hull	Pepper	Thompson, Ga.
Hunt	Perkins	Thomson, Wis.
Ichord	Pettis	Udall
Jarman	Philbin	Ullman
Johnson, Calif.	Pike	Van Deerlin
Johnson, Pa.	Pirnie	Vander Jagt
Jonas	Podell	Vanik
Jones, Tenn.	Poff	Vigorito
Karth	Powell	Wampler
Kee	Preyer, N.C.	Watkins
Keith	Price, Ill.	Watts
King	Price, Tex.	Weicker
Koch	Pryor, Ark.	Whalen
Kuykendall	Pucinski	Whalley
Kyros	Quie	Whitehurst
Landrum	Quillen	Whitten
Langen	Railsback	Widnall
Latta	Rees	Williams
Long, Md.	Reid, Ill.	Wilson, Bob
Lujan	Reid, N.Y.	Wilson, Charles H.
Lukens	Reuss	
McClory	Rhodes	Winn
McCloskey	Riegle	Wolff
McClure	Rivers	Wyatt
McCulloch	Robison	Wydler
McDade	Rodino	Wylie
McDonald, Mich.	Roe	Wyman
	Rogers, Fla.	Yates
McEwen	Rooney, N.Y.	Yatron
McFall	Rooney, Pa.	Zablocki
Macdonald, Mass.	Rosenthal	Zion
	Rostenkowski	Zwach
Madden	Roth	
Mailliard	Ruppe	

NAYS—83

Abernethy	Fraser	Mann
Adams	Frey	Melcher
Anderson, Calif.	Fuqua	Michel
	Gettys	Mikva
Ashbrook	Gonzalez	Montgomery
Baring	Griffin	Morse
Brademas	Gross	Obey
Brinkley	Hagan	Passman
Brock	Haley	Patman
Brooks	Hall	Pickle
Broomfield	Hawkins	Poage
Brotzman	Hechler, W. Va.	Purcell
Burton, Calif.	Heckler, Mass.	Randall
Cabell	Helstoski	Rarick
Caffery	Henderson	Roybal
Chisholm	Horton	Stephens
Clawson, Del	Hungate	Stuckey
Cleveland	Hutchinson	Taylor
Collins	Jones, N.C.	Teague, Tex.
Conte	Kastenmeier	Thompson, N.J.
de la Garza	Kazen	Waggonner
Dennis	Lennon	Waldie
Dickinson	Lloyd	Watson
Edwards, La.	Long, La.	White
Fisher	Lowenstein	Wiggins
Flynt	McKneally	Wold
Foley	McMillan	Wright
Foreman	Mahon	Young

NOT VOTING—49

Anderson, Tenn.	Belcher	Brown, Mich.
	Bell, Calif.	Bush
Ashley	Bingham	Byrne, Pa.
Aspinall	Blatnik	Clark
Ayres	Brown, Calif.	Clay
Cohelan	Kleppe	Pollock
Colmer	Kluczynski	Roberts
Davis, Ga.	Kyl	Rogers, Colo.
Dawson	Landgrebe	Roudebush
Dowdy	Leggett	Saylor
Edwards, Calif.	McCarthy	Reifel
Goldwater	MacGregor	Stokes
Hansen, Wash.	Matsunaga	Stubblefield
Hays	Miller, Calif.	Symington
Jacobs	Mize	Tiernan
Jones, Ala.	Mizell	Tunney
Kirwan	Nichols	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hays with Mr. Ayres.
Mr. Davis of Georgia with Mr. Belcher.
Mr. Nichols with Mr. Kleppe.
Mr. Matsunaga with Mr. Pollock.
Mr. Miller of California with Mr. Bell of California.
Mr. Byrne of Pennsylvania with Mr. Reifel.
Mr. Kluczynski with Mr. Brown of Michigan.
Mr. Aspinall with Mr. Kyl.
Mr. Symington with Mr. Mize.
Mr. Roberts with Mr. Bush.
Mr. Rogers of Colorado with Mr. Landgrebe.
Mr. Stubblefield with Mr. MacGregor.
Mr. Edwards of California with Mr. Clay.
Mr. Colmer with Mr. Roudebush.
Mr. Blatnik with Mr. Saylor.
Mr. Jones of Alabama with Mr. Mizell.
Mr. Anderson of Tennessee with Mrs. Hansen of Washington.
Mr. Tiernan with Mr. McCarthy.
Mr. Tunney with Mr. Goldwater.
Mr. Clark with Mr. Bingham.
Mr. Stokes with Mr. Cohelan.
Mr. Leggett with Mr. Ashley.
Mr. Jacobs with Mr. Dowdy.
Mr. Brown of California with Mr. Kirwan.

Mr. CONYERS changed his vote from "nay" to "yea."

Messrs. HAGAN and DICKINSON changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

SCHOOL DESEGREGATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 91-341)

The SPEAKER pro tempore. (Mr. PRICE of Illinois) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor and ordered to be printed:

To the Congress of the United States:

Successfully desegregating the Nation's schools requires more than the enforcement of laws. It also requires an investment of money.

In my statement on school desegregation on March 24, I said that I would recommend expenditure of an additional $1.5 billion—$500 million in fiscal 1971, and $1 billion in fiscal 1972—to assist local school authorities in meeting four special categories of need:

"—The special needs of desegregating (or recently desegregated) districts for additional facilities, personnel and training required to get the new, unitary system successfully started.

"—The special needs of racially impacted schools where *de facto* segregation persists—and where immediate infusions of money can make a real difference in terms of educational effectiveness.

"—The special needs of those districts that have the furthest to go to catch up educationally with the rest of the Nation.

"—The financing of innovative techniques for providing educationally sound interracial experiences for children in racially isolated schools."

To achieve these purposes, I now propose the Emergency School Aid Act of 1970.

Under the terms of this Act, the four categories of need I outlined would be met through three categories of aid:

(I) Aid to districts now eliminating *de jure* segregation either pursuant to direct Federal court orders or in accordance with plans approved by the Secretary of Health, Education, and Welfare, for special needs incident to compliance.

(II) Aid to districts that wish to undertake voluntary efforts to eliminate, reduce, or prevent *de facto* racial isolation, with such aid specifically targeted for those purposes.

(III) Aid to districts in which *de facto* racial separation persists, for the purpose of helping establish special inter-racial or inter-cultural educational programs or, where such programs are impracticable, programs designed to overcome the educational disadvantages that stem from racial isolation.

In all three categories, administrative priority will be given to what I described on March 24 as "the special needs of those districts that have the furthest to go to catch up educationally with the rest of the Nation." In all three, also, there will be special attention given to the development of innovative techniques that hold promise not only of helping the children immediately involved, but also of increasing our understanding of how these special needs can best be met.

THE BACKGROUND

The process of putting an end to what formerly were deliberately segregated schools has been long and difficult. The job is largely done, but it is not yet completed. In many districts, the changes needed to produce desegregation place a heavy strain on the local school systems, and stretch thin the resources of those districts required to desegregate. The Federal Government should assist in meeting the additional costs of transition. This Act would do so, not only for those now desegregating but also for those that have desegregated within the past two years but still face additional needs as a result of the change.

The educational effects of racial isolation, however, are not confined to those districts that previously operated dual systems. In most of our large cities, and in many smaller communities, housing patterns have produced racial separation in the schools which in turn has had an adverse effect on the education of the children. It is in the national interest that where such isolation exists, even though it is not of a kind that violates the law, we should do our best to assist local school districts attempting to overcome its effects.

In some cases this can best be done by reducing or eliminating the isolation itself. In some cases it can best be done through interracial educational programs involving the children of two or more different schools. In some cases, where these measures are not practicable or feasible, it requires special measures to upgrade education within particular schools or to provide learning experiences of a type that can enlarge the perspective of children whose lives have been racially circumscribed.

This Act deals specifically with problems which arise from racial separation, whether deliberate or not, and whether past or present. It is clear that racial isolation ordinarily has an adverse effect on education. Conversely, we also know that desegregation is vital to quality education—not only from the standpoint of raising the achievement levels of the disadvantaged, but also from the standpoint of helping all children achieve the broad-based human understanding that increasingly is essential in today's world.

This Act is addressed both to helping overcome the adverse effects of racial isolation, and to helping attain the positive benefits of integrated education. It is concerned not with the long range, broad-gauge needs of the educational system as a whole, but rather with these special and immediate needs.

HOW IT WORKS

The procedures under this Act are designed to put the money where the needs are greatest and where it can most effectively be used, and to provide both local initiative and Federal review in each case.

Two-thirds of the funds would be allotted among the states on the basis of a special formula. One-third would be reserved for use by the Secretary of Health, Education and Welfare for especially promising projects in any eligible district. In all cases, whether under the State allotment or not, the grants would be made for specific individual projects with each project requiring approval by the Secretary. Application for grants would be made by local education agencies, with the State given an opportunity to review and comment on the grant application.

The State allotment formula begins by providing a basic minimum of $100,000 in each fiscal year for each State. The remainder of formula funds for each fiscal year would be allotted among the States according to the proportion of the nation's minority students in each State, with those in districts required by law to desegregate and implementing a desegregation plan double-counted. This double counting is designed to put extra money where the most urgent needs are, recognizing that there is a priority need at the present time for the ending of *de jure* segregation swiftly, completely, and in a manner that does not sacrifice the quality of education.

If any given State's allocation of funds is not fully utilized under the terms of this Act, the remainder of those funds would then be reallocated on the same formula basis for use in other States.

Under Category I (*de jure* desegregating), any district would be eligible which is now implementing an approved desegregation plan, or which had completed implementing one within two years prior to its application. Those not yet doing so would become eligible upon submission of an acceptable plan. Funds would be available to help meet the additional costs of implementing the desegregation plan itself, and also for special programs or projects designed to make desegregation succeed in educational terms.

Under Category II (*de facto* desegregating), any district would be eligible if it has one or more schools in which minority pupils now constitute more than half the enrollment, or appear likely to in the near future. Funds could be provided to help carry out a comprehensive program for the elimination, reduction or prevention of racial isolation in one or more such schools within the district.

Under Category III (special programs in racially impacted areas), a district would be eligible if it has 10,000 or more minority students, or if minority students constitute 50 percent or more of its public school enrollment. Funds could be provided under this category for special interracial or intercultural educational programs or, where these proved impracticable, for unusually promising pilot or demonstration programs designed to help overcome the adverse educational impact of racial isolation.

In connection with this Category III aid, it is worth noting that such research data as is available suggests strongly that from an educational standpoint what matters most is not the integrated school but the integrated classroom. This might, at first glance, seem a distinction without a difference. But it can make a great deal of difference, especially where full integration of schools is infeasible. It means that, by arranging to have certain activities integrated—for example, by bringing students from a mostly black school and from a mostly white school together for special training in a third location—the educational benefits of integration can be achieved, at least in significant part, even though the schools themselves remain preponderantly white or black.

In a number of communities, experiments are already under way or being planned with a variety of interracial learning experiences. These have included joint field trips, educational exchanges between inner-city and suburban schools, city-wide art and music festivals, and enriched curricula in inner-city schools that serve as a "magnet" for white students in special courses. Other innovative approaches have included attitude training for teachers, guidance and counseling by interracial teams, and after-hour programs in which parents participated. I cite these not as an inclusive catalogue, but merely as a few examples of the kinds of experimental approaches that are being tried, and that give some indication of the range of activities that could and should be further experimented with.

Examples of the kinds of activities which could be funded under all cate-

gories are teacher training, special remedial programs, guidance and counseling, development of curriculum materials, renovation of buildings, lease or purchase of temporary classrooms, and special community activities associated with projects funded under the Act.

THE URGENCY OF ACTION NOW

It now is late in the legislative year, and very soon it will be the beginning of the next school year.

In the life of the desegregation process, the fall of 1970 has special significance and presents extraordinary problems, inasmuch as all of the school districts which have not yet desegregated must do so by then. The educational problems they confront are enormous, and the related problems of community social and economic adjustment are equally so.

Some 220 school districts are now under court order calling for complete desegregation by this September; 496 districts have submitted, are negotiating or are likely to be negotiating desegregation plans under HEW auspices for total desegregation by this September; another 278 districts are operating under plans begun in 1968 or 1969; more than 500 Northern districts are now under review or likely soon to be under review for possible violations of Title VI of the Civil Rights Act of 1964. Quite beyond these matters of enforcement, we also must come seriously to grips with the fact that of the nation's 8.7 million public school students of minority races, almost 50 percent are in schools with student populations made up 95 percent or more of minority pupils.

Desegregating districts face urgent needs for teachers, education specialists, materials, curriculum revision, equipment and renovation.

Teachers and education specialists for the fall of 1970 are being recruited now. Materials and equipment must be purchased this summer to be on hand for the opening of school. Curriculum revision requires months of preparation. Contracts for renovation must be entered into and work commenced soon.

Administration representatives are now discussing with members of Congress possible ways of making the first of the funds for the purposes of this Act available when they are needed, which is now, through the use of existing legislative authorities.

Five hundred million dollars will be spent in fiscal 1971. I recommend that $150 million be appropriated under these existing authorities, on an emergency basis, as "start-up" money. I recommend that the remaining $350 million for fiscal 1971 and $1 billion for fiscal 1972 be appropriated under the Emergency School Aid Act itself. It is this Administration's firm intention to spend these funds—$500 million in fiscal 1971 and $1 billion in fiscal 1972—in the years for which they are appropriated.

QUALITY AND EQUALITY

If money provided under this Act were spread too thinly, it would have very little impact at all on the specific problems toward which it is addressed. Therefore, the criteria laid down in the Act are designed to insure its use in a manner sufficiently concentrated to produce a significant and measurable effect in those places where it is used.

This is not, and should not be, simply another device for pumping additional money into the public school system. We face educational needs that go far beyond the range or the reach of this Act. But the specific needs the Act addresses are immediate and acute. It represents a shift of priorities. It places a greater share of our resources behind the goal of making the desegregation process work, and making it work *now*. It also represents a measured step toward the larger goal of extending the proven educational benefits of integrated education to all children, wherever they live.

Properly used, this $1.5 billion can represent an enormous contribution to both quality and equality of education in the United States.

With this help, the process of ending *de jure* segregation can be brought to a swift completion with minimum disruption to the process of education. It is in the interest of all of us—North and South alike—to insure that the desegregation process is carried out in a manner that raises the educational standards of the affected schools.

Beyond this, our goal is a system in which education throughout the nation is both equal and excellent, and in which racial barriers cease to exist. This does not mean imposing an arbitrary "racial balance" throughout the nation's school systems. But it should mean aiding and encouraging voluntary efforts by communities which seek to promote a greater degree of racial integration, and to undo the educational effects of racial isolation.

Nothing in this Act is intended either to punish or to reward. Rather it recognizes that a time of transition, during which local districts bring their practices into accord with national policy, is a time when a special partnership is needed between the Federal Government and the districts most directly affected. It also recognizes that doing a better job of overcoming the adverse educational effects of racial isolation, wherever it exists, benefits not only the community but the nation.

This legislative recommendation should be read in the context of my comprehensive public statement of March 24 on school desegregation. In that, I dealt with questions of philosophy and of policy. Here, I am dealing with two aspects of the process of implementation: aiding the desegregation process required by law, and supporting voluntary community efforts to extend the social and educational benefits of interracial education.

The issues involved in desegregating schools, reducing racial isolation and providing equal educational opportunity are not simple. Many of the questions are profound, the factors complex, the legitimate considerations in conflict, and the answers elusive. Our continuing search, therefore, must be not for the perfect set of answers, but for the most nearly perfect and the most constructive.

Few issues facing us as a nation are of such transcendent importance: important because of the vital role that our public schools play in the nation's life and in its future; because the welfare of our children is at stake; because our national conscience is at stake; and because it presents us a test of our capacity to live together in one nation, in brotherhood and understanding.

The tensions and difficulties of a time of great social change require us to take actions that move beyond the daily debate. This legislation is a first major step in that essential direction.

The education of each of our children affects us all. Time lost in the educational process may never be recovered. I urge that this measure be acted on speedily, because the needs to which it is addressed are uniquely and compellingly needs of the present moment.

RICHARD NIXON.

THE WHITE HOUSE, *May 21, 1970.*

SOCIAL SECURITY AMENDMENTS OF 1970

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes.

The SPEAKER pro tempore (Mr. PRICE of Illinois). The question is on the motion offered by the gentleman from Arkansas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 17550, with Mr. DINGELL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas (Mr. MILLS) will be recognized for 2 hours, and the gentleman from Wisconsin (Mr. BYRNES) will be recognized for 2 hours.

The Chair recognizes the gentleman from Arkansas.

Mr. MILLS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the general subject of social security has been the first order of business before the Ways and Means Committee for the past 7 months. On October 15 last the committee began its public hearings on all aspects of the Social Security Act including the old age, survivors, and disability insurance programs, the public assistance programs, and the medicare and medicaid programs. This bill, which was unanimously reported, is the third separate bill relating to the social security program recommended for action by the

committee as a part of its recent deliberations. It completes, as far as I know, the committee's plans for action in the field of social security for this Congress.

Mr. Chairman, the committee spent many, many hours in executive session. We called into executive session many people who were in a position to be helpful to us with respect to the matters we had under consideration in the hearings and which we were then considering in executive session. At no time did we fail to consider any of the suggestions that were made to us either in the hearings or in the executive sessions of the committee.

Let me very briefly go through some of the provision of the bill and dwell a little more at length on one or two of the provisions that seem to have caused some degree of concern on the part of some of the Members today.

Social security payments to the 26.2 million beneficiaries on the rolls and others who come on the rolls in the future would be increased by 5 percent, beginning with payments for the month of January 1971. Of course, this payment generally arrives on the third day of the month, so it would be received around the 3d of February 1971. The benefit increase would mean additional payments of about $1.7 billion in the first year. Bear in mind that the amount rises as more and more people retire and become beneficiaries in the following years.

In addition, Mr. Chairman, because of great interest in the matter—not because of any personal feeling on my part that it is a good thing, frankly, but because there is a great deal of interest—the committee has again seen fit to raise the present level of $1,680 per year to $2,000 per year that one can earn in employment and still not lose any of his social security payments. It is estimated that this will benefit about 900,000 present beneficiaries and will make eligible about 100,000 more persons, and this in the first year alone will cost around $475 million.

A provision which was recommended by the President is included in the bill, increasing the widow's benefit taken at age 65 or later from 82.5 percent of the primary benefit—that is the retirement benefit which would have been paid to her husband at age 65—to 100 percent. That, Mr. Chairman, will provide an immediate increase to 3.3 million widows and widowers; it will cost $700 million in additional benefits for the first 12 months.

Another provision recommended by the President included in the bill would provide an age 62 computation point for men. That provision would apply the same rule to men that presently is in law with respect to the computation of benefits for women. The Congresswoman from Michigan (Mrs. GRIFFITHS) and others told us we were decidedly discriminatory in not making the provision in present law apply to men as well as to women. The gentlelady deserves a great deal of credit for convincing the committee that this provision was sound and should be adopted.

What it means frankly, let me take a moment, is that if it would result in a higher benefit the person who retires at 65 could include the 3 years of earnings between 62 and 65 in place of 3 previous years of earning some time back when the person was not paying taxes on as much earnings as he may have done just before retirement.

So what this provision does is grant men an additional 3-year dropout in addition to the 5 years which are presently in law in determining what the average income of that person is for benefit computation purposes. This will help immediately 10.2 million people who are on the rolls on the effective date, which in this instance would also be January 1, 1971.

In addition, it makes eligible 60,000 additional people who would not otherwise be eligible under existing law. Some of these are dependents or survivors of workers as well as the workers themselves.

Under present law, if a woman applies for a retirement benefit prior to age 65, which she can do on a reduced basis, she can get that benefit on the basis of her own work record. Then at age 65, if she applies for a benefit based upon her spouse's record, the law now requires that amount of the spouse's benefit be reduced because of the period—up to 3 years—that she has been drawing benefits on her own.

The gentleman from Wisconsin (Mr. BYRNES) called this situation to the attention of the committee, and pointed out that there are some 100,000 beneficiaries who would be immediately affected by the provision, and that it was simple equity to do what we are doing here. It does not cost as much as many of the other changes. In this instance it is about $10 million in the first year.

We have eliminated the test we have in the present law in regard to the support requirements for divorced women—this I will not go into at the moment.

The insured status requirement for disability insurance for individuals who are blind has been amended and liberalized, and I will describe this item in detail later.

Disability benefits under present law are affected by the receipt of workmen's compensation when a person gets workmen's compensation and also disability benefits. Both of these benefits are paid for, in one instance altogether by his employer and in the other by the worker and his employer. He cannot get combined payments under both programs of more than 80 percent of the average current earnings he had just before becoming disabled. We have changed that in the bill to 100 percent. We say he can get up to 100 percent of his average earnings—adjusted to take account of rising wage levels—for the 5 years prior to the time he became disabled. That, too, is helpful to many people on disability.

Additional wage credits for the members of the uniformed services are provided in the bill. We are providing them for the benefit of those who have been in the service from 1957, when military service first came under social security, through 1967. Present law provides for such credit for such service after 1967. There are approximately 130,000 beneficiaries who will be immediately affected, and there is a cost of some $35 million in the first 12 months.

There are other amendments I will not take time to mention now but will explain later in some detail. I want now to get into the medicare and medicaid contained in the bill.

These two programs have caused me considerable worry. I know that is true of other members of the committee and of other Members of the Congress, frankly. It has been utterly impossible for us to make any degree of accurate prediction with respect to the cost of medicare on the one hand. On the other hand, we are hopelessly involved in medicaid with no way in the world of making any determination whatsoever as to what the cost is going to be. The States determine those costs.

Here is an open-ended proposition. We tell the States to set the standards, to decide who is eligible for this, and that we will match them, with no State getting less than 50 percent of the total cost from the Federal Government and some States even up to 83 percent of the total cost from the Federal Government. That is the medicaid part.

We have made a series of changes both in medicare and in medicaid in trying to reduce what we see as forthcoming large increases in costs from year to year in both of these programs.

In the case of medicare it is difficult to make any prediction as to what the effect of the combined amendments will be, but we are told by those who are in a position to know, that we can say that we have obtained a tighter hold on this program. As a result of the many amendments and improvements we have made, in bringing about greater effectiveness and efficiency in operation, the costs in the future will not be as great in the case of medicare as they would be without this series of amendments.

One thing we have done in the nature of liberalizing the program, which many of us thought was fair and just, is to allow a person to buy his way into medicare. That is plan A of medicare. All people over 65 years of age who want to, whether they are under social security or not, can buy their way into plan B, which is the program that pays for the doctor bills primarily. Except for those who came under the transitionally insured provision, however, plan A has been exclusively available to those people who were eligible for benefits under railroad retirement or social security, where they have paid a tax at some time or other during their working years. However, there are many people—retired schoolteachers, for instance—in various States, where social security has never been extended to them, who would be given the opportunity now for the first time to pay their way into plan A. The cost initially is $27 a month to them. That premium will rise as the costs of hospitalization, which is largely the element within plan A, may go up. We thought this was a good change.

We also provided on a limited basis, by amendments to plans A and B, for people to have the option, if they want to, of getting their care under what is known as a health maintenance organization, such as the Kaiser plan, and such as the plan in New York City, and such as the plan in the city of Detroit. We have not designated this as plan C. We did not think it was necessary and there was some opposition to doing it that way. But we have made it available. We are saying, though, that anyone who does opt to take this arrangement, which involves, of course, hospitalization care and the other benefits under medicare, getting away from the hospital oriented aspects of plans A and B—we will not pay to the health maintenance organizations more than 95 percent of the cost of the medicare benefits that would have been paid under plans A and B outside the health maintenance organizations. Very frankly, I cannot tell you how they are going to make that determination, but I am assured by those who administer the program that it will be possible for them to make an actuarial determination as to what the costs would have been.

Mr. BYRNES of Wisconsin. Will the gentleman yield?

Mr. MILLS. Yes; I am glad to yield to the gentleman. I wish he would help me out if I do not elaborate on something.

Mr. BYRNES of Wisconsin. I think I would only say in addition that it is the beneficiary, the individual involved in getting the 5 percent. It is the provider of the service which would have to do it for 5 percent less than the cost for other providers.

Mr. MILLS. I did not make that clear, and I appreciate my friend saying that. I was talking about providers—the health maintenance organizations—getting 95 percent and having to agree that they would get no more than 95 percent in order to serve these people.

We have asked for some experiments to be carried on. We have asked the Department of Health, Education, and Welfare to undertake to find out just what would be the effect on costs on prepricing, or prospective reimbursement, of hospital costs. Today the medicare people in a given area may be paying $50 a day, let us say, for the cost of care for this particular medicare patient.

They could get a commitment for a year from the hospital that says: "We will take care of all of the medicare patients at a rate of $45 per day provided the program pay us that amount even if we do it, actually, by lowering our cost to $40 per day."

That is what we are asking them to experiment with, and we think there can be a material savings, because under the present program of paying the full retroactive cost to hospitals, there is no incentive whatsoever for the hospital to bring about any reductions, to bring about better management and procedures with respect to the care of these patients.

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

Mr. MILLS. Mr. Chairman, I yield myself 10 additional minutes.

The CHAIRMAN. The gentleman from Arkansas is recognized for 10 additional minutes.

Mr. MILLS. Mr. Chairman, there are other types of experiments that we want them to carry out.

Now, there is one provision in the bill that I am sure some of my friends may be somewhat concerned about, but I have not heard any opposition to it since we reported the bill. We had representatives of the AMA and the doctors with us in executive session. Under the committee bill the medicare program for reimbursing physicians' charges would be limited by providing:

First, for fiscal year 1971 medical charge levels—that is, the doctors' charges—recognized as prevailing today would be increased beyond the 75th percentile of actual charges in a locality during the previous elapsed calendar year;

Second, for fiscal year 1972 and thereafter the prevailing charge levels recognized for a locality may be increased in the aggregate only to the extent justified by indices reflecting changes in cost of the practice of physicians and earnings levels generally; and

Third, for medical supplies, equipment and such, that in the judgment of the Secretary generally do not vary significantly in quality from one supplier to another, charges allowed may not exceed the lowest levels at which such supplies, equipment, and services are widely available in a locale.

I think I must explain really what we mean by the term "75th percentile" for fear that there may be some who may get the wrong impression of what we are talking about. The doctors of a given community or area that is used constitutes 100 percentile. What we are saying is that we will not under any fee provision I mentioned pay what doctors charge in the highest 25 percentile. We will pay the fees that are charged by the doctors under the 75th percentile. That is what it means, and they have fixed their fees, of course.

The Department has paid fees in the past on the basis of them being prevailing charges, but there are different charges in the medical profession even within a city for the same services, and we can well understand that because doctors are like all the rest of us. Some of them think they are better than others in their profession. So, they charge a little higher fee. In other words, one doctor may want $1,500 for a particular operation but 75 percent of the doctors within that community charge $1,200 or less for the same operation. Therefore, what we are talking about and telling to this doctor who has been charging $1,500 in the past, we are not going to base our payment on more than 75 percent of what the doctors generally have been receiving—$1,200 in this case.

Mr. Chairman, we have a provision on the payment of services for teaching physicians. This has caused quite a bit of a problem in the past. There will be a committee amendment offered to see to it that the language of the bill actually does what the committee intended to do when it adopted the provision, because there seems to be some confusion as to whether it does. But they will be paid. They will be paid not on the basis of a fee for services, they will be paid for services on the basis of reasonable costs when other patients in the hospital, or that part of the hospital, who have the ability to pay actually do pay charges.

We are also providing the authority to the Secretary to terminate the payments to suppliers of services who are now and will in the future be abusing the medicare program.

We made a number of other amendments, but I will discuss them later in more detail—amendments having to do with physical therapy, things of that sort, which we have changed slightly.

Let me get to the point that seems to have disturbed some of my colleagues who voted to open up the rule and perhaps who even voted against the rule, other than for their personal view as to a matter of principle of opposing a closed rule.

The Federal medicare matching for State outpatient services will be increased, and the Federal matching with respect to long-term institutional care will be decreased. Certain other limitations would be improved.

It will cost us more additional Federal dollars to match moneys with the States, and it will cost the States some money for certain outpatient services, but if you supply them with the outpatient service in time you may well avoid the more expensive service of paying for their care in a hospital for an extended period of time, and then in a skilled nursing home even beyond that.

So on the whole the cost of the program, if it works as we think it should work, over a period of time could even be less with this new provision than it would be under existing law. But it is equally true to a degree, I have always found here in the Congress, that there are serious questions raised whenever you try to regulate something that is presently unregulated. Some people in the States may be more interested in collecting Federal dollars than in finding the most appropriate level of care for medicaid patients.

Let me tell you about the skilled nursing homes—and I have got many friends who run fine nursing homes, and I am not quarreling with them. I am quarreling with those who are not my friends, those who have abused this program and who have taken advantage of the program—a program with a total cost of almost $700 million this year in Federal funds alone—through overutilization of skilled nursing home facilities.

I want all of these people who are entitled to such a service to have that service, but if a person is in medical need we say under the medicare part we will not pay one penny for the support of that person beyond 100 days of extended care for somebody under medicare. We are saying now to the States that we will match you on the basis of our existing medicaid formula, which to-

day in Texas is two-thirds of the total cost, and in Arkansas it runs close to 80 percent of the total cost, we will match you up to 90 days, but if you have not got that patient sufficiently improved, as we think you should, to move that patient out into an intermediate care facility or into the patient's home for further convalescence and recuperation, then we are going to cut that 66⅔ percent, or that 80 percent, by one-third. We are going to hold back one-third of it.

What we are trying to do is to impel these States to bring into existence a better degree of operational control, to see to it that there are not the types of overutilization in the future under these arrangements that presently exist in so many of these skilled nursing homes.

Now, out of that $700 million how much do you think we can save for the Federal Government and the States? We think we can save a $100 million when this is in full operation and not inconvenience anybody who otherwise would be entitled to this. But of course these nursing homes are going to scream; they have not down in my State, and they did not do it when we had them in executive session of the committee, but they are going to tell you their side of the story.

I would hope in the future when you do get complaints about what we are doing in this program that before you make up your mind just on the basis of a one-sided report on the proposition that you give some of us on the committee an opportunity to discuss with you what the other side may be.

I will tell you one thing; do not misunderstand the situation. This nursing home business has evidently become a very profitable business. Why is it that people who operate the Holiday Inn, for instance, are going into a nationwide program of Holiday Inn-type nursing homes? Now I know those people. They are smart. They are as good businessmen as we have anywhere in the United States. They do not go into something that is not a profitable venture. What we are saying in this provision is to take these people out of the skilled nursing homes when they have reached the point, whether it be after 90 days or 30 days or 60 days, of not needing this type of skilled help, and put them in an intermediate or domiciliary type of nursing home that is for those who are that far along in their treatment. We are doing this in the hope that it will cost the program a lot less to care for these people.

You get a lot less money from your State welfare department when you put them there. Is it not clear why there would be resistance to reducing payments to a nursing home for a year's care or a convalescent patient?

It is utterly impossible for me to believe that medical science has not gotten to the point where most of these people will not be so improved at the end of 90 days that they can get what it takes to care for their needs in a less expensive type of nursing home.

So I would suggest to you that what we have done in this instance is not to force the cost on the States.

All we want the States to do is to take advantage of the support that we are giving to them to see to it that these nursing homes are not overused, just as we have taken away some things with respect to hospitals under medicare.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. BYRNES of Wisconsin. I think the gentleman might point out that so far as medicare is concerned, we have a cutoff, completely—with no payment at all at 100 days.

Mr. MILLS. Yes, 100 days.

Mr. BYRNES of Wisconsin. Also, these people, it should be recognized, if their situation is such, have, prior to going into extended-care facilities, 60 days in a hospital or at least they have the potential of being there for that period of time. So it is not as though we are just saying we are going to give only 90 days of service to these people because if the situation requires it, they also had hospitalization preceding that.

Mr. MILLS. It is 60 days that are available, plus 90 days, and the Federal Government is a participant in that period of time. In most instances it pays most of the cost of that in most of the States.

All we are saying is, let us wake up, States, before you go bankrupt and before you bankrupt us through this overutilization. Let that not be the cause of either one of us going broke.

Mr. Chairman, I would now like to give a more detailed description of the major provisions of the bill.

AMENDMENTS TO THE OLD-AGE, SURVIVORS AND DISABILITY INSURANCE PROGRAM

BENEFIT INCREASE

The bill provides for a 5-percent across-the-board increase in benefits, to be effective with the benefits payable next January. In recommending this increase, the committee was not making any forecast of future economic changes. On the other hand, it was not unmindful of the continued rise in the cost of living—1.1 percent from January to March—that continues to erode the purchasing power of social security benefits.

In the committee we gave careful consideration to the President's proposal for automatic cost-of-living increases in benefits, but the majority of the committee, after reviewing all of the evidence presented, rejected the proposal.

Your committee has over the years taken action to maintain social security benefits at realistic and adequate levels. From time to time, these benefits have been increased to take account of changes in the national economy, including not only changes in living costs but also changes in living standards and changes in wage levels. It is clear that economic changes this year will necessitate a 5-percent benefit increase by the beginning of next year if we are to maintain the real value of the present social security benefits.

Monthly benefits for workers who retire at age 65 in 1971 now range from $64 to $193.70; under the bill they would range from $64 to $203.40. Benefits for a couple in January 1971 would average $199 under present law; under the bill the benefits would be increased to $218. For a widowed mother with two children, the average benefit for January 1971 under present law would be $298; under the bill, it would be $314.

Some 25.6 million beneficiaries on the rolls in January 1971 would have their benefits increased; and, of course, all those coming on the rolls thereafter will also get the advantage of the increase. An estimated $1.7 billion in additional benefits would be paid in the first 12 months as a result of the 5-percent benefit increase.

INCREASE IN SPECIAL AGE 72 PAYMENTS

The bill would also increase by 5 percent the special payments that are made under present law to certain people who reach age 72 before 1972 and who are not insured for regular cash benefits under the social security system. These payments would be increased from $46 to $48.30 for an individual and from $69 to $72.50 for a couple. About 6,000 people who do not now get these special payments—generally because they are not eligible for higher payments under some other Government system—would qualify for some payments and about 620,000 who now get the special payments would get higher payments. An estimated $17 million in additional payments would be paid out in the first 12 months; about $15 million of this amount—payments to people who had very little or no coverage under the system—would be paid from general revenues.

LIBERALIZATION OF THE RETIREMENT TEST

Your committee's bill would liberalize the retirement test by increasing from $1,680 to $2,000 the amount a beneficiary under age 72 can earn in a year and still be paid full social security benefits for the year. If a beneficiary's annual earnings exceed the $2,000 annual exempt amount, $1 in benefits is withheld for each $2 up to the next $1,200 of earnings—that is, earnings between $2,000 and $3,200 under the bill, rather than between $1,680 and $2,880 as in present law—and for each $1 above that amount. Under the bill, the amount of earnings a beneficiary can have in any month and still get benefits for that month—regardless of the amount of his annual earnings—would continue to be one-twelfth of the annual exempt amount. Thus it would be increased from $140 to $166.66.

The bill would also improve the operation of the retirement test as it applies in the year in which a worker reaches age 72. Only earnings for months before age 72 would be counted in determining whether earnings in that year exceed $2,000.

Under these provisions, effective for taxable years ending after 1970, about 900,000 beneficiaries would receive additional benefits and about 100,000 people who receive no benefits under present law would receive some benefits. The first year's cost would be about $475 million.

The retirement test liberalization in the bill, I know, does not go as far as some people would like. There are those who would eliminate the test entirely and make old-age social security benefits an annuity rather than benefits to replace earnings that are lost by reason

of retirement. To eliminate the retirement test entirely, however, would cost over six-tenths of 1 percent of taxable payroll—more than $2.5 billion a year—and the additional expenditure would help only a small percentage of the beneficiaries—those who for the most part are already better off than most beneficiaries by reason of the fact that they can continue to work.

INCREASE IN BENEFITS FOR AGED WIDOWS

The bill would increase benefits for a widow—or widower—who begins to get benefits at age 65 and over from 8½ percent to 100 percent of the amount her deceased husband would have received if his benefits had started at or after age 65. For widows and widowers who take their benefits between ages 62 and 65 the benefits would be reduced, similar to the way in which a worker's benefit is reduced under present law if he applies for benefits before age 65. Thus a widow would be assured of getting the same benefit amount as her husband would have gotten at the same age if he had lived. The increase would apply to beneficiaries now on the rolls and to those who come on in the future, and would, in conjunction with the 5-percent general benefit increase, provide an estimated increase of $21 in the average benefit paid to aged widows, an increase of almost 21 percent over the average widow's benefit of $102 a month paid under present law. Some 3.3 million widows and widowers on the rolls at the end of January 1971 would receive higher benefits under this provision, and $700 million in additional benefit payments would be made in the first 12 months.

AGE 62 COMPUTATION POINT FOR MEN

Under present law the number of years used in figuring a man's average earnings on which his retirement benefit is based, and the number of years of work under the social security program a man must have to become insured for retirement benefits, are different than they are for a woman. For a man all years up to age 65 must be taken into account for both of these purposes, while for a woman, only years up to age 62 are included. As a result, when a man and a woman of the same age have exactly the same earnings and retire at the same age, the man's retirement benefit will be lower. This occurs because 3 more years of low earnings—as, for example, years when the limit on earnings taxed and counted for benefits was lower than it is now—must be counted in determining a man's benefit amount. Also, under present law, when a man and woman of the same age are credited with the same amount of earnings in the same years, the woman may meet the insured status requirement while the man may not. Your committee's bill would shorten by three the number of years over which a man's average monthly earnings are figured in retirement cases, and make the ending point for determining eligibility for retirement benefits the year in which a man reaches age 62, the same as the ending point for women under present law. About 10.2 million people—male workers, and their dependents, and survivors—now getting benefits would have their benefits increased by this change. In addition, about 60,000 people who are not now eligible for benefits would become eligible because of the change in the insured status provision. An estimated $925 million in additional benefits would be paid out in the first 12 months.

ACTUARIAL REDUCTION IN BENEFITS

Under present law a married person who has worked and is eligible for a benefit as a retired worker and one as a wife or husband cannot apply for just one of the benefits; when he applies for one he is deemed to have applied for both. As a result, a person who claims benefits before age 65 has both benefits actuarially reduced. He cannot take one before age 65, wait until age 65 to claim the other, and get the second one in an unreduced amount, even though it might be advantageous for him to do so. Also, under present law, a wife—or husband—who has worked and become eligible for an old-age insurance benefit based on her own earnings, who takes that benefit before age 65, and who later becomes eligible for a wife's benefit when her husband applies for his retirement benefit can get less in benefits than would a wife who never worked or contributed to the program.

Under the bill, a person who is under age 65 and eligible for benefits as a retired worker and also as a spouse could choose to apply for one or the other of the benefits right away and wait until age 65 to claim the other, and the reduction that is made in the benefit taken early would not affect the amount of the benefit taken later.

Approximately 100,000 beneficiaries on the rolls would be immediately affected by this provision, which will result in additional benefit payments estimated at $10 million during the first 12 months.

DEPENDENT WIDOWERS' BENEFITS AT AGE 60

Under present law an aged widow can become entitled to benefits at age 60, but an aged dependent widower cannot become entitled to benefits until age 62. This situation results from a provision in the 1965 amendments which lowered the age of eligibility for widows from 62 to 60, but did not change the age of eligibility for dependent widowers.

The age of eligibility should be the same for aged dependent widowers as it is for aged widows. Accordingly, the bill would lower the age of eligibility for aged dependent widowers' benefits from 62 to 60. The benefits payable to an aged dependent widower who starts getting benefits before age 62 would be actuarially reduced, as are the benefits under present law for aged widows who come on the benefit rolls before age 62.

CHILDHOOD DISABILITY BENEFITS FOR CHILDREN DISABLED BEFORE AGE 22

Childhood disability benefits would be payable to a disabled dependent adult son or daughter whose disability began after age 18 and before age 22. Under present law, a person must have become disabled before age 18 to qualify for childhood disability benefits on his parent's social security account.

About 13,000 people—disabled children and their mothers—would immediately become eligible for benefits. About $10 million in additional benefits would be paid out during the first 12 months.

DISABILITY INSURED STATUS FOR THE BLIND

The bill would modify the disability insured-status requirements for the blind. To qualify for disability benefits, a blind person would have to be fully insured only—that is, he would need only as many quarters of coverage as the number of calendar years elapsing after 1950—or the year he reached age 21, if later—up to the year of disability. For example, a 32-year-old person who becomes blind this year would be insured if he has 10 quarters of social security coverage, regardless of when his coverage was acquired. He would no longer have to meet a requirement of substantial recent covered work—generally 20 quarters of coverage in the period of 40 calendar quarters preceding disability.

About 30,000 people—blind workers and their dependents—would become immediately eligible for monthly benefits, and about $25 million in additional benefits would be paid out during the first 12 months.

DISABILITY BENEFITS AFFECTED BY RECEIPT OF WORKMEN'S COMPENSATION

The bill would modify the provisions under which social security disability benefits are reduced in certain cases where workmen's compensation is also payable. Under present law, the combined social security and workmen's compensation payments for a disabled worker and his family cannot exceed 80 percent of the worker's average earnings before he became disabled. Under the bill, the disabled worker and his family would be able to receive combined benefits equaling 100 percent of his average earnings.

WAGE CREDITS FOR MEMBERS OF THE UNIFORMED SERVICES

The bill would improve social security protection for some servicemen and veterans. Present law provides for a social security wage credit of $100 a month, in addition to credit for basic pay, for military service performed after 1967. Under the bill, the additional $100-a-month wage credits would also be provided for service during the period from 1957—when military service was covered under social security—through 1967. Approximately 130,000 beneficiaries would be immediately eligible for higher benefits because of the additional credit, and $35 million in additional benefits would be paid out in the first 12 months.

OTHER OASDI AMENDMENTS

I have described the major changes the bill would make in the cash benefits part of the social security program. In addition, the bill contains a number of miscellaneous technical changes that I will not go into in detail. They are fully explained in the committee report.

MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH

The Committee on Ways and Means conducted a thorough review of the operations of the medicare and medicaid programs. In the course of this review, the committee became convinced that there are serious deficiencies in the operation and administration of these pro-

grams that need correction. The Department of Health, Education, and Welfare assured the committee that it will continue its present strong efforts to improve the operating effectiveness of these programs. This bill will make a number of modifications which, taken together, show promise of significantly advancing the goal of making these programs more economical and more effective in carrying out their original purposes. These amendments will, we believe, not only help to control the constantly rising costs of the medicare program, but also provide important new tools to the Government, as well as the carriers and intermediaries who help administer this program, to carry out their administrative functions more effectively.

COVERAGE AND BENEFIT CHANGES UNDER MEDICARE

We gave extensive consideration to the problems of several groups of persons who are either denied medicare coverage presently, or who do not receive full benefit from the medicare program. We are recommending certain changes to remedy these existing inadequacies.

FEDERAL EMPLOYEE HEALTH PROGRAM AND MEDICARE

First, the bill would require that, effective with January 1, 1972, no payment would be made under medicare for the same services covered under a Federal employees health benefits plan, unless in the meantime the Secretary of Health, Education, and Welfare certifies that the Federal employees health benefits program has been modified to make available coverage supplementary to medicare benefits and that Federal employees and retirees, age 65 and over, will continue to have the benefit of a Government contribution toward health insurance premiums.

It is our hope and intent that the Secretary will be able to make this certification before January 1972. The intent is to bring about a better coordinated relationship between the Federal employees health benefits program and medicare and to assure that Federal employees and retirees, age 65 and over, will eventually have the full value of the protection offered under medicare and the Federal employees program. At present, a Federal employee who is covered under an FEHB plan as well as the medicare plans has somewhat better protection than is afforded under the FEHB plan alone. But, because of the nonduplication clauses in the FEHB contracts, he does not derive the full value of the protection of both programs.

Federal retirees and employees who are covered under an FEHB plan generally do not find it advantageous to enroll in the medicare voluntary supplementary medical insurance plan, because of the overlapping of FEHB benefits and benefits under the supplementary plan. Thus, Federal retirees and employees do not receive the advantage available to virtually all other persons age 65 and over, of the 50-percent Government contribution toward the cost of the protection under the voluntary supplementary medical insurance plan.

MEDICARE FOR THE UNINSURED

Another group to which we gave special attention is that group of individuals reaching age 65 who are not eligible for part A benefits. Under the bill, people reaching age 65 who are ineligible for hospital insurance benefits under medicare would be able to enroll, on a voluntary basis, for hospital insurance coverage under the same conditions under which people can enroll under the supplementary medical part of medicare. Enrollment for supplementary medical insurance is also required. Those who enroll would pay the full cost of the protection—$27 a month at the beginning of the program, rising as hospital costs rise. States and other organizations, through agreements with the Secretary would be permitted to purchase such protection on a group basis for their retired—or active—employees age 65 or over, including groups of teachers who have never been covered under the program.

Present law provides hospital insurance protection under a "special transitional provision" for people—with the exclusion of certain groups—who are not qualified for cash benefits under the social security or railroad retirement program and who attained age 65 before 1968. But some older people who reach age 65 after 1967 cannot qualify under the transitional provision, and the provision itself will phase out as of 1974, as persons attaining age 65 in those years must be insured for cash benefits under one of the two programs in order to be eligible for hospital insurance protection.

It has become very difficult for many in the uninsured group to obtain private hospital insurance comparable to coverage under medicare. Since the passage of the medicare law, private insurance companies have generally changed their hospital insurance plans available to people age 65 and over to make their coverage complementary to medicare. While there is generally some type of hospital insurance available to persons age 65 and over, most of that which is offered is in the form of specified cash payment insurance for limited periods of hospitalization. Few private health insurance companies offer their regular hospital expense plans to the aged and very little is comparable in protection to that afforded under the medicare program.

STUDY OF MEDICARE FOR THE DISABLED

We also gave extensive consideration to a proposal to extend hospital insurance protection under title XVIII to disabled workers entitled to monthly cash disability benefits under the social security and railroad retirement programs. Extending hospital insurance protection to these beneficiaries would be most desirable. It is clear that a severely disabled social security beneficiary is as much or more in need of medicare protection as the able-bodied man who has reached age 65 and is still working. However, we have regretfully concluded that such an extension is not advisable at the present time primarily because of the cost involved.

The committee has requested the Advisory Council on Social Security that is currently in existence to include in its report to the Congress the results of its study of the current need of the disabled for health insurance protection, the costs involved in providing this protection, and the ways of financing this protection.

HEALTH MAINTENANCE ORGANIZATION OPTION

Under the bill, individuals eligible for both part A and part B medicare coverage would be able to choose to have their care provided by a health maintenance organization—a prepaid group health or other capitation plan. The Government would pay for such coverage on a capitation basis not to exceed 95 percent of the cost of medicare benefits had the beneficiaries not been enrolled with the health maintenance organization.

Under present law, organizations providing comprehensive health services on a per capita prepayment basis cannot be reimbursed through a single capitation payment for services covered under both parts of the medicare program. Instead, medicare reimbursement to group practice prepayment plans must be related to the costs to the organization of providing specific services to beneficiaries. However, under the committee bill, the financial incentives to control the utilization and cost of services that such organizations have in their regular business would be made applicable as well to their relationship with medicare.

IMPROVEMENTS IN OPERATING EFFECTIVENESS OF MEDICARE, MEDICAID, AND MATERNAL AND CHILD HEALTH PROGRAMS

LIMITATION ON CAPITAL COST REIMBURSEMENT

Under the bill, reimbursement amounts to providers of health services under the medicare, medicaid, and maternal and child health programs for capital costs, such as depreciation and interest, would not be made with respect to capital expenditures which are inconsistent with State or local health facility plans. While a significant amount of Federal money is currently being expended in the interest of furthering health facility planning at the State and local levels, Federal funds are being expended under medicare, medicaid, and the maternal and child health programs without regard to whether the facilities providing the services are cooperating in such health facility planning. We believe that the connection between sound health facility planning and the prudent use of capital funds must be recognized if any significant gains in controlling health costs are to be made. Thus, it was decided necessary to assure that medicare, medicaid, and the maternal and child health programs reimburse providers in a manner that is consistent with State and local health facility planning efforts, in order to avoid paying the higher costs which will result from the duplication or irrational growth of health care facilities.

PROSPECTIVE REIMBURSEMENT AND RELATED EXPERIMENTS

We considered carefully the possibility of providing for reimbursement under the medicare program on a prospective

basis. There is reason to believe that payment determined on a prospective basis—rather than the present retroactive basis—offers the promise of encouraging institutional policymakers and managers to manage health institutions more effectively in order to achieve greater financial reward as well as a lower total cost to the programs involved. On the other hand, we were aware in our consideration of such a fundamental change in the present reimbursement method, that possible disadvantages as well as possible advantages must be taken into account. After exploration of the various problems that might arise, we concluded that in view of the far-ranging implications of such a change in reimbursement methods, it would be best at this time to provide for a period of experimentation under titles XVIII, XIX, and V with various alternative forms of prospective reimbursement designed to determine which would be the most effective methods. The Secretary would be required to submit to the Congress no later than July 1, 1972, a full report detailing the results of the experiments and demonstration projects and reporting on the experience of other programs with respect to prospective reimbursement. The report is to include detailed recommendations with respect to the specific methods which could be used in the full implementation of prospective reimbursement.

Although recognizing the promise and potential offered by prospective reimbursement, we also wanted to continue experimentation with other forms of reimbursement. The bill, therefore, includes authorization to engage in experiments and demonstration projects involving negotiated rates, the use of rates established by a State for administration of one or more of its laws for payment or reimbursement to health facilities located in such State, and alternative methods of reimbursement with respect to the services of residents, interns, and supervisory physicians in teaching settings. Authority is also provided to make payments, on an experimental or demonstration project basis, to organizations and institutions for services which are not currently covered under titles V, XVIII, XIX, and which are incidental to services covered under the programs if the inclusion of the additional services would offer the promise of program savings without any loss in the quality of care. The bill also authorizes experimentation with the use of areawide or communitywide utilization review and medical review mechanisms to determine whether they would bring about more effective controls over excessive utilization of services.

LIMITATIONS ON REASONABLE COSTS

The bill would authorize the Secretary of Health, Education, and Welfare to establish and promulgate limits on provider costs to be recognized as reasonable under medicare based on comparison of the cost of covered services by various classes of providers in the same geographical area. Hospitals and extended care facilities could charge beneficiaries for the costs of services in excess of those that are necessary to the efficient delivery of needed health services—except in the case of an admission by a physician who has a financial interest in the facility. Public notice would be provided where such charges are imposed by the institution, and the beneficiary would be specifically advised of the nature and amount of such charges prior to admission. Costs can vary from one institution to another as a result of several factors. However, where excessively high costs are a result of gross inefficiency, the provision of amenities in plush surroundings, or of other factors unrelated to the cost of the efficient delivery of needed health services, payment of the excess cost would be avoided.

LIMITATION ON RECOGNITION OF PHYSICIAN FEE INCREASES

Members are no doubt concerned about the steady increase in costs of the supplementary medical insurance part of the medicare program, with the consequent rise in the monthly premium paid by the aged. While administrative steps have been taken to hold down this rise, they have certain inequities and other disadvantages. It is apparent that more positive action by the Congress is necessary.

The bill moves in the direction of an approach to reasonable charge reimbursement that ties recognition of fee increases to appropriate economic indexes so that the program will not merely recognize whatever increases in charges are established in a locality but would limit recognition of charge increases to rates that the economic data indicate would be fair to all concerned. Accordingly, under the bill, charges determined to be reasonable under the present criteria in the medicare, medicaid, and material and child health law would be limited by providing: First, that for fiscal year 1971 and thereafter medical charge levels recognized as prevailing may not be increased beyond the 75th percentile of actual charges in a locality during the previous elapsed calendar year; second, that for fiscal year 1972 and thereafter the prevailing charge levels recognized for a locality may be increased, in the aggregate, only to the extent justified by indexes reflecting changes in costs of practice of physicians and in earnings levels; and third, that for medical supplies, equipment, and services—other than physicians' services—that, in the judgment of the Secretary, generally do not vary significantly in quality from one supplier to another, charges allowed as reasonable may not exceed the lowest levels at which such supplies, equipment and services—including laboratory services—are widely available in a locality.

TEACHING PHYSICIANS

The committee considered at length the matter of payment for services of teaching physicians under medicare and concluded that some changes in the situations under which such payments should be made, and how they should be made, is needed. We concluded that the present procedure of making payment to physicians on a fee-for-service basis in settings where patients are normally expected to pay such fees is entirely proper. On the other hand, it seemed clear that where patients are not expected to pay any fees for physicians' services or only reduced fees are normally paid, the payment of full charges represents an expense to the program that is not necessary to give medicare patients access to the care they receive. Under the bill, therefore, medicare would pay for the services of teaching physicians on the basis of reasonable costs, rather than fee-for-service charges, unless other patients who have insurance or are able to pay are also charged for such services and the medicare deductibles and coinsurance amounts are regularly collected from those who can afford to pay them. Medicare payment would also be authorized for services provided to hospitals by staff of certain medical schools.

TERMINATING PAYMENTS TO THOSE WHO ABUSE THE PROGRAM

It has become clear that some few providers and suppliers of health services have abused the medicare and medicaid programs. Although the number of such persons has been relatively small, their actions reflect badly on the vast majority of conscientious men and women in the health care field. Moreover, their actions lead some people to question the soundness of the very programs which are victimized by this abuse. But most important of all, the beneficiaries of these programs are needlessly hurt by these few—not only in terms of the higher costs they must pay, but in some instances, the danger to their health sometimes posed by these abuses.

The bill would, therefore, authorize the Secretary of Health, Education, and Welfare to terminate payment for services rendered by a supplier of health and medical services found to be guilty of program abuses. The situations for which termination of payment could be made include overcharging, furnishing excessive, inferior, or harmful services, or making a false statement to obtain payment. Program review teams would be established to furnish the Secretary professional peer review in carrying out this authority. The Secretary would make the names of such persons or organizations public so that beneficiaries would be informed about which suppliers of health services cannot participate in these programs. We do not expect that any large number of suppliers of health services will be suspended from these programs because of abuse. However, the pressure of the authority and the exercise of the authority in even a relatively few cases can be expected to provide a substantial deterrent.

REASONABLE COSTS NOT TO EXCEED CHARGES

We believe that it is inequitable for the medicare, medicaid, and the child health programs to pay more for services than the provider charges to the general public. The bill would provide, therefore, that payments for institutional services under the medicare, medicaid, and maternal and child health programs could not be higher than the charges regularly made for those services.

INSTITUTIONAL PLANNING UNDER MEDICARE

Under present medicare law, there is no requirement for providers of services to develop their own fiscal plans such as operating and capital budgets. However, we are aware of the fact that health care

facilities have come under increasing criticism on the grounds that they fail to follow sound business practices in their operations. The bill would require health institutions under the medicare program to have a written plan reflecting an operating budget and a capital expenditures budget.

GUARANTEE OF PAYMENT OF EXTENDED CARE BENEFITS

Posthospital extended care benefits and posthospital home health benefits were intended as alternatives to continued inpatient hospital care and are limited to medicare beneficiaries who, while no longer in need of hospital care, still require skilled nursing care or, in the case of home health benefits, physical or speech therapy.

Under current law, a determination of whether a patient requires the level of care that is necessary to qualify for extended care facility or home health benefits cannot generally be made until some time after the services have been furnished. I imagine that nearly all members are aware that in many cases such benefits are being denied retroactively, with the harsh result that the patient is unexpectedly faced with a large bill, or the facility or agency has a patient who may not be able to pay his bill. Many Members have no doubt received letters from both nursing home administrators and beneficiaries graphically outlining the problems this situation creates for them. The uncertainty about eligibility for these benefits that exists until after the care has been given tends to encourage physicians to either delay discharge from the hospital, where coverage may less likely be questioned, or to recommend a less desirable, though financially predictable, cause of treatment. To provide a solution to this problem, the bill would authorize the Secretary of Health, Education, and Welfare to establish specific periods of time—by medical condition—after hospitalization during which a patient would be presumed, for payment purposes, to require extended care level of services in an extended care facility. A similar provision would apply to posthospital home health services.

PROHIBITION AGAINST REASSIGNMENT

We also studied the problems which have arisen due to reassignment by physicians or others who provide services under the medicare and medicaid programs of their right to receive payment. Experience with this practice shows that such reassignments have often been a source of incorrect and inflated claims for services and have created administrative problems with respect to determinations of reasonable charges and recovery of overpayments, both in the medicare and medicaid programs. Fraudulent operations of collection agencies have been identified in medicaid; and substantial overpayments—in at least one case exceeding a million dollars—have been found in the medicare program. The bill would overcome these difficulties by prohibiting payment under medicare—part B—and medicaid to anyone other than a patient, his physician, or other person providing the service, unless the physician—or, in the case of medicaid, another type of practitioner—is required as a condition of his employment to turn over his fees to his employer or unless there is a contractual arrangement between the physician and the facility in which the services were provided under which the facility bills for all such services.

NOTICE OF UNNECESSARY ADMISSION

The bill provides for stopping payment under medicare where a utilization review committee of the institution finds admission was not necessary. Under present law, the utilization review committee required to function in each hospital and extended care facility must review all long-stay cases and at least a portion of admissions. When the utilization review committee reviews a long-stay case and determines that further stay in the institution is not medically necessary, the committee notifies the physician, the patient, and the institution of its finding and medicare payment is discontinued after the third day.

The bill would require a similar notification, and a similar payment cutoff 3 days after notification to be made where the utilization review committee finds a case in its review of admissions where hospitalization or extended care is not necessary.

PHYSICAL THERAPY

Under present law, physical therapy is covered as an inpatient hospital service, an inpatient extended care service, a home health service, and a service incident to physicians' services. Physical therapy is also covered when furnished under prescribed conditions by a participating hospital, extended care facility, home health agency, clinic, rehabilitation agency, or public health agency to its outpatients. The physical therapist may be either an employee of the participating facility or he may be self-employed and furnish his services under arrangements with and under the supervision of the facility.

The limitations imposed under present law on the coverage of physical therapy have been a source of some difficulty. For example, it has been difficult to explain why physical therapy services cannot generally be furnished in the therapist's office, especially in cases where the latter is more accessible than the facility to which the beneficiary must travel to obtain the service.

The bill would make three changes in the handling of physical therapy services under medicare. First, it would provide that beneficiaries would be covered under medicare's supplementary medical insurance program for up to $100 per calendar year of physical therapy services furnished by a licensed physical therapist in his office or the patient's home under a physician's plan of treatment. Second, hospitals and extended care facilities could continue to provide covered physical therapy services to inpatients who have exhausted their days of hospital insurance coverage or are otherwise ineligible for that coverage. Third, where physical therapy is furnished under contractual arrangement with any provider of services, medicare reimbursement to the institution will in all cases be based on a reasonable salary payment for the services.

INCENTIVES FOR STATES TO EMPHASIZE OUTPATIENT SERVICES

Under present law a uniform Federal matching percentage is applied to all forms of health services covered under the State medicaid plan. In order to encourage more efficient use of health services, the bill would create incentives for the States to encourage outpatient services and disincentives for long stays in institutional settings. The bill would provide for: First, an increase in the Federal matching percentage by 25 percent for outpatient hospital services, clinic services and home health services; second, a decrease in the Federal percentage by one-third after the first 60 days of care—in a fiscal year—in a general or TB hospital; third, a reduction in the Federal percentage by one-third after the first 90 days of care in each fiscal year in a skilled nursing home; and fourth, a decrease in Federal matching by one-third after 90 days of care in a mental hospital and provision for no Federal matching after an additional 275 days of such care during an individual's lifetime. Also, under the bill the Secretary would be granted authority to compute for reimbursement purposes a reasonable cost differential between the cost of skilled nursing home services and the cost of intermediate care facilities in order to assure that supporting care in these alternate institutions results in decreased costs.

ELIMINATION OF REQUIREMENT FOR BROADENED MEDICAID PROGRAMS

Under the present medicaid law, each State is required to make "a satisfactory showing that it is making efforts in the direction of broadening the scope of the care and services made available under the plan and in the direction of liberalizing the eligibility requirements for medical assistance." In accordance with the committee's recommendation last year, the Congress suspended the operation of this provision for 2 years, until July 1, 1971, and the date by which the States were to have comprehensive medicaid programs applying to everyone who meets their eligibility standards with respect to income and resources was changed from 1975 to 1977. The bill would remove this entire provision from the act. There is evidence that this requirement has been used to require States to have larger programs than they really wished to. When the operations of the State medicaid programs have been substantially improved and there is assurance that program extensions will not merely result in more medical cost inflation, the question of required expansion of the program could then be reconsidered.

HOSPITAL REIMBURSEMENT UNDER MEDICAID

Under present regulations of the Secretary, States are required to reimburse hospitals for inpatient care under medicaid on the basis of the reasonable cost formula established under medicare. Many States have pointed out the serious problems which have arisen under this requirement. They pointed out that use

of the medicare formula for medicaid reimbursement can result in their paying more than the actual cost of providing inpatient care to those eligible for medicaid. The bill retains the intent of the original provision—to avoid having hospitals or their private patients subsidize inpatient care for the poor—by providing for payment of actual and direct costs of inpatient care for medicaid eligibles. States would be permitted to pay hospitals on the basis of a State's own method of determining reasonable cost, provided there is assurance that the medicaid program would pay the actual cost of hospitalization of medicaid recipients.

HELP FOR STATES TO SET UP MODERN MEDICAID CLAIMS HANDLING PROCEDURES

Under the present law, Federal medicaid matching is set at 50 percent for administrative costs and States are required to use methods of administration deemed necessary by the Secretary for efficient operation of the program. Despite the inducement of 50 percent matching and the requirement for efficiency, many States do not have effective claims administration or well-designed information storage and retrieval systems nor do they possess the financial and technical resources to develop them. The bill would meet this problem by providing that Federal matching at the 90-percent rate would be available under medicaid for the States to set up mechanized claims processing and information retrieval systems. Federal matching for the continuing operation of such systems would be at the 75-percent rate. It is expected that this financial support and technical support from Federal Government will aid the States in realizing efficient and effective administration of the program, and in reducing program costs. I expect the Department of Health, Education, and Welfare to provide substantial technical support to the States in carrying out this provision.

UTILIZATION REVIEW COMMITTEES UNDER MEDICAID

Under the present medicare law, each hospital and extended-care facility is required to have a utilization review committee to review all long-stay cases as well as review, on a sample or other basis, admissions, durations of stay, and professional services. The reasons for requiring hospitals and extended-care facilities to have utilization review committees for medicare cases apply with equal force to review of medicaid cases, but there is now no such requirement in the medicaid law. The bill would require these institutions participating in the medicaid or maternal and child health programs to have cases reviewed by the same utilization review committee already reviewing medicare cases. A utilization review committee which meets the standards established under medicare would be required in hospitals and skilled nursing homes not participating in medicare.

COST-SHARING UNDER MEDICAID

Under present law, a State cannot impose deductibles or other cost-sharing devices on cash public assistance recipients. In addition, while deductibles or copayments can be imposed with respect to the medically indigent, they must be "reasonably related to the recipient's income and resources." The bill would provide that States be permitted to impose a flat cost-sharing provision with respect to people eligible under medicaid programs but not eligible for cash public assistance payments. This change would allow States to explore the cost advantages that might result from the direct savings and possible decrease in utilization that cost-sharing devices of a specified amount for all the medically indigent might create. Even a small charge gives the recipient a sense of participation and might reduce excessive use of services.

ROLE OF STATE HEALTH AGENCY IN MEDICAID

Under present law, one State agency may have the responsibility for certifying health facilities for participation in the medicare program and another agency for certifying health facilities for participation in the medicaid and maternal and child health programs. This duplication of effort in the establishment and maintenance of health standards is unnecessary and inefficient. The bill would require the State to have the same agency perform these functions for the medicare, medicaid, and the maternal and child health programs.

MISCELLANEOUS AND TECHNICAL AMENDMENTS

The bill contains several miscellaneous provisions designed primarily to assist individuals who have been disadvantaged under the program. For example, the bill would remove from the law the requirement that an aged person must enroll for the part B medical insurance within 3 years after he became eligible to enroll. We found that this provision was no longer necessary to avoid selection against the program.

FINANCING PROVISIONS

At the present time, the social security cash benefits program is in close actuarial balance, while the hospital insurance program has an actuarial deficiency; that is, it is expected that over the long-range future the income to the hospital insurance program will be considerably less than the cost of the program. To meet the cost of the cash benefits program as it would be expanded by the bill and to bring the hospital insurance program into actuarial balance, the contribution rates for the programs would be adjusted and the contribution and benefit base—the maximum amount of annual earnings subject to contributions and used in computing benefits—would be increased.

(a) Increase in the contribution and benefit base: The bill provides for an increase in the ceiling on taxable and creditable earnings to $9,000, effective for 1971. This increase would take account of the increases in earnings levels that have occurred since 1968 when the $7,800 ceiling on earnings went into effect and would cover the total earnings of an estimated 79 percent of all workers—the same percentage as the $7,800 base covered when it went into effect.

People earning amounts between $7,800 and $9,000 a year will pay taxes on an additional $1,200 of earnings. In return, of course, they will get credit for more earnings and will thus get higher benefits. The higher creditable earnings resulting from the increase in the ceiling on earnings will make possible benefits that are more reasonably related to the actual earnings of workers at the higher earnings levels. If the base were to remain unchanged, more and more workers would have earnings above the creditable amount and these workers would have benefit protection related to a smaller and smaller part of their full earnings.

The proposed increase in the contribution and benefit base would not only provide higher future benefits for people at higher earnings levels, but would also help to finance the changes made by the bill. This comes about because an increase in the base results in a reduction in the overall cost of the social security program as a percent of taxable payroll and the benefits provided are a higher percentage of earnings at the lower levels than at the higher levels while the contribution rate is a flat percentage of earnings. When the base is increased, higher benefits are provided on the basis of the higher earnings that are taxed and credited, but the cost of providing these higher benefits is less than the additional income from the employer and employee contributions on earnings above the former maximum and up to the new maximum amount.

(b) Changes in the contribution rates: Under the schedule of contribution rates for cash benefits contained in the bill, the contribution rates for employers and employees scheduled for 1971–72 would be held to the present level of 4.2 percent each, instead of being allowed to go up to 4.6 percent each as under present law. The rates scheduled for 1973–74 would be 4.2 percent each instead of 5 percent each as under present law. After 1979, the contribution rate would be 5.5 percent each, instead of 5 percent each as under present law.

For the self-employed, the rate scheduled for 1971–72 for the cash benefits part of the program would be 6.3 percent, instead of 6.9 percent as under present law. The rate scheduled for 1973–74 would be 6.3 percent instead of 7 percent. This rate would remain in effect until 1975, at which time the increase to 7.0 percent scheduled under present law would go into effect.

The bill also provides for increases in the contribution rate schedule for the hospital insurance program. The contribution rate scheduled for 1971–72 would be increased from 0.6 percent each for employees, employers, and the self-employed to 1 percent each, instead of being gradually increased from the present rate of 0.6 percent to 0.9 percent in 1987 and after, as under present law. The rate would be kept at 1 percent thereafter.

I include the full schedule of contribution rates under present law and under the bill, for both cash benefits and medicare, in the RECORD at this point:

PRESENT AND PROPOSED SOCIAL SECURITY CONTRIBUTION RATES

[In percentages]

Period	Cash benefits		Medicare		Total	
	Present law	Committee bill	Present law	Committee bill	Present law	Committee bill
EMPLOYER AND EMPLOYEE, EACH						
1971–72	4.6	4.2	0.6	1	5.2	5.2
1973–74	5.0	4.2	.65	1	5.65	5.2
1975	5.0	5.0	.65	1	5.65	6.0
1976–79	5.0	5.0	.7	1	5.7	6.0
1980–86	5.0	5.5	.8	1	5.8	6.5
1987 [1]	5.0	5.5	.9	1	5.9	6.5
SELF-EMPLOYED						
1971–72	6.9	6.3	.6	1	7.5	7.3
1973–74	7.0	6.3	.65	1	7.65	7.3
1975	7.0	7.0	.65	1	7.65	8.0
1976–79	7.0	7.0	.7	1	7.7	8.0
1980–86	7.0	7.0	.8	1	7.8	8.0
1987 [1]	7.0	7.0	.9	1	7.9	8.0

[1] And after.

Mr. Chairman, your committee believes that the bill we are submitting for your consideration is a good bill, a reasonable bill, and one that the Members of the House will accept as being needed in order to keep the social security program up to date and responsive to the needs of today. I urge its prompt passage.

Mr. DANIELS of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. DANIELS of New Jersey. Mr. Chairman, I rise to compliment the distinguished chairman of the Committee on Ways and Means for his very fine and outstanding statement.

As you know, I served as chairman of the subcommittee on retirement insurance and health benefits. There is a section in the bill, section 201, dealing with payments under the medicare program of individuals covered by the Federal employees health insurance programs which causes me some concern.

The language appears to me to be rather ambiguous and also it appears that perhaps the Committee on Ways and Means has entered into an area of legislation which is properly within the jurisdiction of the Committee on Post Office and Civil Service of the House.

So I have asked my staff to prepare some questions to clarify the meaning of that section.

I would appreciate it if the distinguished gentleman from Arkansas would further explain the provisions of the bill which affect the Federal employees health benefits program. Can the gentleman tell me whether or not my understanding is correct, that when an individual is covered by medicare and also by other insurance including group insurance by an employer, medicare pays its benefits without regard to the other insurance?

Mr. MILLS. What happens now is that medicare picks up the initial cost for services rendered that are payable under medicare, whether or not a person may be entitled also to get payment under a Federal employee health program. Actually, the same thing is true with respect to insurance companies and others.

What we are trying to do here is to call the attention of the Civil Service Commission and the people downtown to the fact that we think that there should be some integration of these two programs. An individual should not be eligible for the same benefits under two or three programs and have to pay for all of them but not get the full benefit of all of them. In each instance the employee has to pay something, of course. He is paying twice. What we want to do is to have it worked out on some basis to the point at which medicare will take the initial cost, and then let the health employees program provide whatever additional benefit the Civil Service Commission and the Congress, working with your committee and the comparable committee in the Senate, would decide would be appropriate.

But the way it is today, they are paying for two programs, and actually one program is paying the cost of their medical services. We are not invading your jurisdiction. We have a perfect right to say what we do here in that we say:

(c) No payment may be made under this title with respect to any item or service furnished to or on behalf of any individual on or after January 1, 1972, if such item or service is covered under a health benefits plan in which such individual is enrolled under chapter 89 of title 5, United States Code, unless prior to the date on which such item or service is so furnished the Secretary shall have determined and certified that the Federal employees health benefits program under chapter 89 of such title 5 has been modified so as to assure that—

(1) there is available to each Federal employee or annuitant upon or after attaining age 65, in addition to the health benefits plans available before he attains such age, one or more health benefits plans which offer protection supplementing the combined protection provided under parts A and B of this title and one or more health benefits plans which offer protection supplementing the protection provided under part B of this title alone—

And so on. We have no jurisdiction in this area, and that was recognized by the author of this suggestion, Mr. BROYHILL, who incidentally used to be on your committee. It would be his thought and my thought completely that we are not binding anybody here to do anything outside of the executive branch. We are trying, however, to put some degree of incentive and inducement in other areas downtown, other than the Department of Health, Education, and Welfare, to bring about some degree of integration and avoid in the future this duplicate payment by these people.

Any improvement of any program would clearly have to initiate in the gentleman's committee.

Mr. DANIELS of New Jersey. Unless the Secretary of the Health, Education, and Welfare determines and certifies that the plan is modified to provide a complimentary or supplementary level of benefits, then——

Mr. MILLS. Medicare is not responsible.

Mr. DANIELS of New Jersey. The employee is enrolled in that.

Mr. MILLS. The employee is enrolled in that program and he has been paying for it.

Mr. DANIELS of New Jersey. Then I refer the gentleman to page 116 of the committee report, where you go on to state, as I interpret it, that the Government will be obliged to pay 50 percent of the high-option benefits premium. I am wondering——

Mr. MILLS. Very frankly, I would have preferred that that provision not be worded quite that way because it can be interpreted by some as a directive by our committee to your committee with a specified position. Frankly, I do not think Congress has any right legally or under the Constitution to tell one department of the Government anything more than to report back to us with a solution. I do not think we can tell that department, frankly, that you have got to do it in this particular way.

Mr. DANIELS of New Jersey. I thank the gentleman for his explanation.

Mr. MILLS. I do not think it would be binding on them anyway.

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

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. HUNGATE. Mr. Chairman, I refer the chairman to section 263 of the bill, page 136.

A great many of my constituents have expressed interest in the subject of section 263 regarding chiropractic coverage and services. I commend the committee for its study on this and I wonder if the chairman can give us the committee's views.

Mr. MILLS. The committee made as diligent an effort in this area as it is possible to make in any area, trying to work this out. There are some questions involved and there is still some argument between those who practice this service and the department downtown as to what the costs would be

This is not a one-sided matter. There are some people violently opposed to chiropractic services being included and being described in a manner which will make the practitioners physicians under the program.

We have over 19 million people who are eligible to participate in plan B. I understand those 65 years of age and older who actually from time to time make use of chiropractic services number between 1 and 2 million. So the only thing we could work out is that we would be charging everybody—those who do not use such services and those who do use such services. And we tried to think of doing it on the basis of leaving it up to an individual and letting the individual who did take the option pay more, but it is my recollection that the costs of that would have been much higher because the costs would have been paid by the 1 or 2 million and not spread over the 19 million. We have asked the Department to report back to us just how this coverage can be properly included under the medicare program—not whether it should be, but we have asked them to tell us how it can be done.

Mr. HUNGATE. Mr. Chairman, I thank the gentleman from Arkansas.

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

Mr. MILLS. I yield to the gentleman from California.

Mr. PETTIS. Mr. Chairman, I rise to ask a question for clarification.

Section 227 of the bill adds a new section 1862(d) providing that the Secretary of Health, Education, and Welfare will establish, in each State, "one or more program review teams" after consulting with "local professional societies, carriers, intermediaries, and consumer representatives." When a provider furnishes unneeded services or supplies, and so forth, the Secretary, with the concurrence of the physicians or other professional health personnel of the review team, will be allowed to refuse payment and, in some cases, to terminate agreements with the offending provider. Was it not the intention of the committee that true peer review take place, and is that not what was intended by the phrase, "concurrence of the physicians or other professional health personnel of the review team"? For example, does this not mean that when a physician provider is charged with abuse, his conduct would be judged only by the physician members of the review team.

Mr. MILLS. It will have to be by his peers. It has to be a doctor who is a peer of a doctor. The peer of a lawyer is a lawyer. This does not mean you have a team of lawyers going in and trying to evaluate the professional ethics and background of a physician. There is no question but what that is the intent of the bill. I think really the bill itself is clear, but I appreciate the gentleman's raising the point, so there can be no doubt as to what the intent of the language of the bill is.

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

Mr. MILLS. I yield to the gentleman from Nebraska.

Mr. DENNEY. Mr. Chairman, I have just one question for clarification. I heard the gentleman's statement about raising the widows up to 100 percent of entitlement if they apply after age 65. Let us take the situation of a husband who is 80 and whose wife is 74, and the husband dies, and they have been drawing social security. Is the widow still limited to 82.5 percent?

Mr. MILLS. No; this applies to those now on the rolls and in the future who become widows at 65.

Mr. DENNEY. Even though she is drawing the widow's entitlement?

Mr. MILLS. She gets 100 percent after January 1, 1971.

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

Mr. MILLS. I yield to the gentleman from California.

Mr. GUBSER. Mr. Chairman, I know the gentleman is familiar with the rather unusual problem which exists in teaching hospitals such as Stanford University. It is my understanding that language in the bill would correct the situation so they can live with it.

Mr. MILLS. We thought so, but we have a committee amendment to make certain that amendment does exactly what we intend it to do, and that amendment will probably take care of it.

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

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

Mr. RHODES. I thank my good friend from Arkansas for yielding.

As the gentleman from Arkansas (Mr. MILLS) is aware, I have been most interested in the concept of ambulatory surgical centers as a means of reducing medical costs while improving the quality of medical care now being delivered to this type of patient. I have also been privileged to direct the attention of the committee to a presently operating come-and-go surgical center in Phoenix, Ariz., known as Surgicenter. Surgicenter has been approved by almost every major commercial insurance carrier in the Phoenix area.

At present, as the gentleman is aware, some of the services provided by the Surgicenter are not included within the supplemental medical insurance program.

It is my understanding, however, that under the legislation reported by the committee, services rendered by an institution such as Surgicenter could be covered on an experimental basis. I would like to ask the gentleman whether, in his opinion, this could be done under the proposed legislation.

Mr. MILLS. Let me say to my friend from Arizona, under section 222, the section to which the gentleman referred, the Secretary would be permitted to conduct—the gentleman understands, he is not required—a demonstration project with a facility such as Surgicenter, Inc., and pay it for the noncovered medicare services the institution furnishes on an experimental basis.

I recall the gentleman's testimony concerning this very fine facility in Phoenix, and I trust the Secretary, who is a very fine individual, a very discerning individual, as the gentleman is well aware, will give every consideration to its inclusion under the applicable provisions of this legislation.

Mr. RHODES. I thank the gentleman.

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

Mr. MILLS. I am glad to yield to my friend from New York, a member of the committee.

Mr. CONABLE. I should like to compliment my distinguished chairman on his statement. There is some concern in my State, I find, about something the committee did relative to Federal reimbursement under the medicaid formula under title XIX. As I recall, this provision increases the Federal share of reimbursement for treatment in outpatient clinics in hospitals.

Mr. MILLS. That is true.

Mr. CONABLE. While decreasing the Federal share paid for long-term patients under medicaid.

Mr. MILLS. In skilled nursing homes.

Mr. CONABLE. In skilled nursing homes. There is some feeling this might run the cost of medicaid up. I wonder if I could have the view of the distinguished chairman on that?

Mr. MILLS. The whole purpose, as I said earlier, is to bring about a reduction in the total cost of medicaid, by requiring the State agency which administers the program to use greater care with respect to the type of medical facility that is being used in the care of the particular patient who is eligible for medicaid under that State law.

We feel—and we have a lot of evidence to justify it—there is an extreme amount of overutilization of skilled nursing homes. In other words, the people could get along just as well in the intermediate-care or domiciliary-type nursing homes. They do not need the more expensive type of care provided in the skilled nursing homes.

Mr. CONABLE. I thank the gentleman.

Mr. MILLS. The States can correct this without any additional cost to them, in our opinion. It does not mean that anybody is going to be thrown out. If it is decided that the patient has to stay, if that is the opinion of the doctor and the opinion of whatever review committee they may have, all we say is that we are not going to pay indefinitely the 66⅔ percent of the cost of such care in Texas or the 80 percent of the cost in Arkansas, that we will reduce that by one-third. If they want to keep them there, that is their business.

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

Mr. MILLS. I yield to my friend from Texas.

Mr. PICKLE. I thank the gentleman for yielding.

What assurance do we have in this bill that the intermediate care centers will be given extra help in the furtherance of this program, if these people are assigned to them? Or what assurance do they have that their program will not be discontinued or cut off?

Mr. MILLS. There is no assurance of that.

Mr. PICKLE. Or what assurance do they have that the States can give them this?

Mr. MILLS. There is nothing in this bill on that. Whatever duration the State sets for a person to reside or stay in a domiciliary or nursing home we will match it under present law. In your State we said two-thirds of the cost would be Federal, and it will continue to be, with no cutoff date whatsoever for intermediate care. The only cutoff is with respect to that type of expensive nursing home care where we will say that if you cannot get your patient well in 90 days, where the patient can either go home or to an intermediate care facility, then we will have to cut back on the amount, because we are not going to continue to have this thing jump up by millions of dollars a year for every year in the future. That is the whole purpose of it. These are Federal dollars we are spending.

Mr. PICKLE. Yes. Will the gentleman yield further?

Mr. MILLS. Yes.

Mr. PICKLE. Under the bill as you have it before us, there is approximately $99 million to $100 million that will be saved or cut from the Federal expenditure in the future.

Mr. MILLS. It will not have to be picked up by the States at all.

Mr. PICKLE. Who picks up that $99 million, then?

Mr. MILLS. Nobody.

Mr. PICKLE. Or even a reasonable portion of it?

Mr. MILLS. If my friend from Texas will listen to me for 1 minute, we have unlimited evidence that the skilled nursing homes are being overutilized. The gentleman knows the meaning of the term "overutilization." It means that people are staying there for days, weeks, and months beyond the time required for them to stay there in order to recover from whatever ailment they have.

We cannot go on paying that kind of cost. It is what we tried to stop in hospitalization and have stopped in extended care facilities under the medicare program, where we have better control of it, and we will not let these States who have an overutilization problem spend us into Federal debt. The committee will not, at least.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, in view of the very able and thorough explanation of this legislation by the chairman of the committee, I believe that my remarks can be quite brief. I do want to rise, however, in support of this legislation.

This bill includes many structural changes in the cash benefit program and the medicare, medicaid, and maternal and child health programs that, in my judgment, are much needed and certainly produce a more equitable system. Some of these changes remove clear inequities. Others, particularly in the medical programs, provide for experiments and pilot projects within general guidelines that it is hoped will lay the foundation for resolving some of our most difficult problems.

Let me emphasize, though, at this point some of the more salient and important changes in our present systems that are made by this legislation.

First, let me refer to the old age, survivors, and disability insurance program that we normally refer to as the cash benefit side of the system, as against the health and medical programs, which provide service benefits.

Mr. Chairman, a change which I know will be welcomed by most Members of the House and by many of our people is the increase in the annual amount that a person aged 65 or older can earn and still be eligible for full retirement benefits under the old age and survivors insurance system. That amount is increased to $2,000, from its present level of $1,680.

It should be noted at this point that Congress has failed through the years to keep the retirement test realistic in terms of changes in the real value of our money.

The cost of living has gone up from time to time, as we all know. Eventually, we have made corrections as far as cash benefits are concerned. We have sometimes delayed, but we have always done it.

In the case of the retirement test, however, we have neglected to keep its formula consistent with changes in the cost of living. I think the increase we provide here is definitely a step in the right direction.

Another major change, which I think is most needed, would liberalize benefits to widows and widowers. We must recognize that a retired man and wife can receive a benefit equal to 150 percent of an individual's benefit. In other words, if a retired male 65 or older is entitled to $100, he and his wife can receive $150 in benefits. But, let us assume that the husband dies. The living costs of the widow are not reduced to $82.50, automatically, even though they may decline to some extent because there is now only one person in this household. But $82.50 is all the widow would be entitled to receive under present law. And it seems to me this reduction to 82½ percent of the primary benefit has always been too much as far as the widow is concerned.

So under this bill the widow would be entitled to the same benefit that the husband would have had as a primary beneficiary. In other words, the widow's benefit would become 100 percent of her husband's primary benefit, rather than 82.5 percent as under present law.

Mr. Chairman, I think this is a most necessary recognition of a problem affecting many older people. It would mean that some 3.3 million widows and widowers would receive increased benefits.

Another proposed change would permit computation of benefits for men by including years only up to age 62. Women already can compute benefits by this method, so this is simply a matter of producing equity for men.

Another proposed change, which the chairman mentioned, is one of particular concern to me. It came to my attention that a married woman who had worked much of her life, took an actuarially reduced benefit at age 62, based upon her own earnings record. Then, when she became eligible at age 65 to receive a wife's benefit, she was held to the same reduction of her wife's benefit at age 65 that she received when she claimed a benefit on her own account at age 62. In such a case, a wife who had worked for years could be receiving a much smaller benefit than a wife who had never worked in her life.

This bill would correct that inequity, and no longer penalize a woman worker because she takes a reduced benefit before age 65 on her own account.

Mr. MILLS. Mr. Chairman, will the gentleman yield at that point?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS. Mr. Chairman, one point I think everyone should understand in connection with what the gentleman from Wisconsin is talking about, is that this lady was taxed during her working years on her work record; is that not correct?

Mr. BYRNES of Wisconsin. That is right.

Mr. MILLS. It was on her own work record that she claimed benefits at age 62. Her husband was taxed on his work record during his working years, and she claimed benefits as a wife on his work record when she reached 65. Also I believe the record ought to show that the gentlewoman from Michigan (Mrs. GRIFFITHS) has been interested in this matter for some time.

Mr. BYRNES of Wisconsin. That is one of the areas which she and I have been working together on—the equalization of disparities in benefits between men and women, and between working women, and other women.

Mr. MILLS. But until we can do what the gentlewoman has recommended, this provision at least corrects the inequity that arises in this particular case.

Mr. BYRNES of Wisconsin. I am not suggesting—and the gentlewoman from Michigan and the gentleman from Arkansas would not agree, I am sure—that we have in this bill removed all the inequities that we would have liked to remove. There were items on which I think most committee members wanted to act. There was, for instance, the matter of covering the disabled under medicare. This was one of many suggested changes which we knew had great merit, but which we could not include in the bill. Managing this system involves much more than simply providing benefits. We also have to be concerned with how we are going to pay for any benefits that we do provide, and how we are going to keep the system in balance.

Let me suggest that this sort of problem involves basic questions which should be of concern not only to our committee, but to every Member of this House. And I am talking primarily about maintaining the integrity of this system.

Let us remember that some 25 million people are receiving cash benefits under this system and are dependent upon it in varying degrees. Some 72 million more are contributing to social security, and, therefore, have a vital interest in it.

One of the worst things this Congress, or any Congress, could do would be to take action which would jeopardize the capacity of the system to meet future commitments to those people who today are paying taxes. And this could be jeopardized if the burden of taxes rose beyond a tolerable level.

So as we look at proposals to liberalize benefits or to make any changes that cost money, we have to balance these against the burden they would impose on taxpayers. I suggest that we are reaching the point where that burden is tremendously high, and from now on we are going to have to be extremely cautious.

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

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. MILLS. I appreciate so much the gentleman from Wisconsin bringing up this matter. I have tried to impress upon the people who are presently receiving these benefits this very fact, that as this tax goes up it becomes an ever-increasing burden. And this tax, being imposed on wages without allowing deductions or a personal exemption, is different from the income tax.

For instance, I think the membership should know that the 1st of January 1971, if a man is making $9,000 or more he will be paying $468 in that year in social security tax.

Mr. BYRNES of Wisconsin. And I would add that it must be recognized that not only are we increasing the taxable base from $7,800 to $9,000 in this

bill, but we also are increasing the rate, eventually, by 1.2 percent, which is an additional burden. We are approaching a point, in fact, under the bill, where a family of four with $7,000 annual income will be paying more in social security taxes than in income tax.

And this does not take into account the situation of the self-employed, whose tax is even higher.

In another dimension, we also have to recognize that the tax on the employer constitutes money which otherwise might go for an increase in take-home pay or other benefits to the worker. So the worker is, in large measure, paying not only his own tax but the employer's tax as well.

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

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. GROSS. Mr. Chairman, the gentleman from Wisconsin is making an important statement and it seems to me there ought to be more than 13 Members on the floor of the House. Therefore, Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The gentleman from Iowa makes the point of order that a quorum is not present. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 134]

Adams	Eckhardt	Pirnie
Addabbo	Edwards, Calif.	Pollock
Albert	Eilberg	Powell
Alexander	Evins, Tenn.	Rarick
Anderson, Tenn.	Findley	Reid, N.Y.
Ayres	Foreman	Reifel
Baring	Galifianakis	Riegle
Belcher	Goldwater	Rivers
Bell, Calif.	Gray	Roberts
Bingham	Hansen, Wash.	Robison
Blatnik	Harsha	Rogers, Colo.
Brown, Calif.	Hays	Rogers, Fla.
Brown, Mich.	Hébert	Rosenthal
Buchanan	Horton	Roudebush
Burton, Utah	Jacobs	Scheuer
Bush	Kirwan	Sikes
Byrne, Pa.	Kleppe	Smith, Calif.
Celler	Kluczynski	Springer
Chamberlain	Kyl	Stafford
Chappell	Landgrebe	Stokes
Clark	Leggett	Stratton
Clay	McCarthy	Symington
Cohelan	MacGregor	Tiernan
Colmer	Matsunaga	Tunney
Corbett	Mikva	Watson
Davis, Ga.	Miller, Calif.	Wilson, Charles H.
Dawson	Murphy, N.Y.	Young
Dellenback	Nichols	
Diggs	Ottinger	
	Patman	

Accordingly the Committee rose; and the Speaker pro tempore (Mr. PRICE of Illinois) having assumed the Chair, Mr. DINGELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 17550, and finding itself without a quorum, he had directed the roll to be called, when 342 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. BYRNES).

Mr. BYRNES of Wisconsin. Mr. Chairman, the burden of taxes that today's workers and tomorrow's workers will pay can be determined by looking at page 11 of the committee report which sets out the schedule of those rates for the old age, survivors, and disability insurance program and the health insurance program.

The rates on page 11 are those the employee must pay himself and therefore state only one-half of the actual total rate. In order to get the total rate, we must double the rate shown on page 11 for employees since an equal amount is also paid by the employer on behalf of the employee. The rate on the self-employed, which is generally about 50 percent higher than the individual employee rate, is also shown in this chart.

The chart shows that the real rate we are imposing by this bill on tomorrow's workers will reach 13 percent in 1980. And this assumes that no further increases are to be enacted in the future.

Let it also be remembered that this is a gross tax on wages or self-employment income. The tax is imposed on the first dollar a person earns. There is no deduction allowed. A personal exemption is not provided. Medical expenses, work-related expenses, casualty losses, and other items that are allowed in our income tax law are not allowed in the application of this tax. The student who works this summer and earns a very small amount will pay no income taxes, but he will pay a social security tax.

Amending the Social Security Act is not a one-sided proposition. We have to look at the benefits, as we have in this bill, to be sure that we provide equity to social security beneficiaries, but we cannot simply focus on the benefit side of the ledger. We must also look at the burden we are placing on the workers to pay for those benefits.

Quite frankly, I am afraid that too many Members of this House—and I am sure the situation is also true of the other body—have a tendency to look only at the benefits side of the picture. That is apparent if we look at the bills that have been introduced by various Members of the Congress. Nearly 1,000 bills have been induced to improve the social security program. While nearly all of these bills impose substantial costs, very few of them provide for the corresponding increase in the tax burden that would be necessary. Mr. Chairman, we must recognize that amendments to the program are a two-edged sword.

Let me briefly talk about the amendments to the medical programs—medicare, medicaid, and maternal and child health—included in this bill. This bill does not meet all of the problems that we face in these difficult programs. We have a long way to go before we can be content with our medicare and medicaid programs.

These programs do need remodeling. In this bill we did not remodel either. We have faced up to some of the individual problems that have developed and recommended specific solutions that we feel are sound.

Particularly in the medicaid program—which is now a $5 billion program and still growing—much more needs to be done, I am inclined to think we should look at the potential of converting medicaid, to the extent feasible, into a program of a subsidized insurance and impose a premium liability on the basis of the individual's capacity to pay rather than retaining the present welfare program.

But that is something for the future. In the present bill we have done the best we can do with the information available and the suggestions that were presented to the committee. Looking at the improvements as a whole, we have to say we have every expectation they will lead to improvement.

But now, Mr. Chairman, let me focus on an aspect of the bill that disappoints me a great deal. That is the refusal of the committee—and I dislike to say this, but it is a fact—on a partisan basis, to do what both major party platforms in the last election recommended: Provide for automatic increase in social security benefits commensurate with increase in the cost of living.

For my friends on the other side, in case they have not read their 1968 Democrat platform recently, let me quote from it:

OLDER CITIZENS

A lifetime of work and effort deserves a secure and satisfying retirement. Benefits especially minimum benefits, under Old Age, Survivors, and Disability Insurance should be raised to overcome present inadequacies and thereafter should be adjusted automatically to reflect the increases in living costs.

When the President of the United States sent his message on social security to the Congress, he recommended an "escalation provision" for social security recipients. He stated:

I propose that the Congress make certain once and for all that the retired, the disabled, and the dependent never again bear the brunt of inflation. The way to prevent future unfairness is to attach the benefit schedule to the cost of living.

Describing the recommendation he made, the President went on to say:

Benefits will be adjusted automatically to reflect increases in the cost of living. The uncertainty of adjustment under present laws and the delay often encountered when the needs are already apparent is unnecessarily harsh to those who must depend on Social Security benefits to live.

Benefits that automatically increase with rising living costs can be funded without increasing Social Security tax rates so long as the amount of earnings subject to tax reflects the rising level of wages. Therefore, I propose that the wage base be automatically adjusted so that it corresponds to increases in earnings levels.

These automatic adjustments are interrelated and should be enacted as a package. Taken together they will depoliticize, to a certain extent, the Social Security system and give a greater stability to what has become a cornerstone of our society's social insurance system.

Mr. Chairman, we will propose as a motion to recommit with instructions to report it back with an amendment providing automatic cost of living adjustments to take effect, not in substitution of anything that has been done in this bill, but to assure that in the future these benefits we have provided will keep pace with changes in living costs.

Our motion will insure that the earnings test, the amount people can earn

without suffering diminution of benefits, will also keep pace with increases in real earnings.

In order to insure the financial integrity of the system as the President emphasized, the wage base will automatically be adjusted every 2 years as the earnings of covered workers increase. This will maintain the existing relationship between the wage base and the wages of covered workers.

Under the provision for automatic benefit increases, we will compare in the third quarter of each year the change in the cost of living as against that in the third quarter of the previous year. Whenever the cost of living has increased by 3 percent or more there will be a comparable increase in social security benefits beginning the following year.

The wage base computation will only be made every other year—in each even-numbered year beginning in 1972. This will avoid constant change in the wage base subject to tax with the readjustments of payrolls that would be necessary. The average wages paid covered workers in the first calendar quarter of the computation year will be compared with those paid covered workers in the first quarter of 1971. The taxable wage base will be adjusted, effective the following January 1, by a corresponding amount. A corresponding increase will also be provided in the earnings limitation, again effective the following January 1 for all calendar year taxpayers.

I hope the House will act on this issue on a bipartisan basis, as was expressed in both political platforms in 1968, in order to provide the simple justice that social security beneficiaries—both present and future—deserve and have been promised.

Let me make it clear that this does not assume that the administration and the Congress will not have to consider the appropriations of benefit levels sometime in the future. I believe it will be essential to do so, as we have in the past. From time to time, we should look at the changes in the standard of living and the general economic conditions under which all our people live in considering the benefit level. There should be adjustments when these criteria require them, and Congress can specifically deal with this issue periodically.

This amendment does not foreclose Congress from acting, but simply says that in the event Congress does not act, increases will be automatic. This will give the older people, dependent upon social security as their base of protection, an assurance that there will not be a long delay in compensating them for any inflation that occurs. There have been serious delays Mr. Chairman, the most conspicuous being between 1940 and 1951, and between 1959 and 1965 when no increases were granted. Some people retire and die before needed increases are enacted. Even those who collect increases have lost something in the interim.

I am not criticizing the committee for not having kept benefits current with the cost of living, but we can criticize the delay that has often occurred. This delay often has been much longer than would have occurred if we had provided automatic increases.

I know the argument will be made that we are delegating some authority to the executive branch. We are not delegating authority. We are saying in the statute that when specific well-defined events occur, certain equally specific and well-delivered results will ensue. We are not granting discretion to someone in the executive branch, or providing them with any options. We require specific action in the event of specific circumstances.

We also leave open to ourselves the opportunity—and I hope we will act on it, to make additional adjustments above the cost-of-living increases that may be necessary to maintain the standard of living of older people.

Mr. Chairman, I hope that this bill is adopted. I think it is good legislation. But I think we can make it much better and keep our promise, both as Republicans and Democrats, to the American people by adopting the motion to recommit.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from Virginia (Mr. BROYHILL).

Mr. BROYHILL of Virginia. Mr. Chairman, I rise in support of this legislation.

Mr. Chairman, H.R. 17550 contains some badly needed changes in the social security, medicare, and medicaid programs.

On balance, it is a sound bill, providing greater equity than existing law for both the beneficiaries of these programs and for the taxpayers who support the programs.

But this is not to say the measure is flawless. Along with a number of my colleagues, I am concerned about one of its provisions, a major omission from it, and one of its implications.

The provision of concern is the 5-percent increase in cash benefits. Although I am wholeheartedly in favor of increasing social security payments so that beneficiaries do not have to lower their standards of living in inflationary times, I also am concerned about the burdens imposed on taxpayers every time benefits are increased. Together with the 15-percent rise we approved late last year, this newly proposed advance would bring the total benefit increase within 1 year's time to 21 precent, which is far above the advance in living costs due to inflation in this period.

The omitted item of concern is the administration's proposal to tie social security benefits in the future to increases in the cost of living. It is truly unfortunate that this was kept out of the bill by a straight, party line vote, especially in view of the fact that such a provision has been endorsed by both political parties.

The provision, among other things, would assure beneficiaries that they would no longer have to bear the brunt of soaring inflation. Our civil service retirees have had this assurance for 8 years, and our military retirees have had it for 12 years, so why should our social security beneficiaries not have this assurance now?

Tying benefit increases to a reliable statistical gage—actual increases in earnings of workers in covered employment—would be far more realistic and economically practical than leaving them dependent upon executive discretion or congressional inclination.

I might emphasize the point, which already has been made, that this provision would not turn over a congressional prerogative to the executive branch. The Congress still would be free to make whatever adjustments in social security it deemed desirable or necessary. Due attention could be paid, for example, to changes in standards, as well as basic costs of living.

My third cause for concern has to do with the actuarial imbalance the bill would bring about.

It is, of course, not the imbalance itself that bothers me. But the Committee on Ways and Means has, in the past, adhered strictly to rather narrow criteria on imbalances in social security funds. And I am lending support to this bill on the assumption, and trust, that the anticipated imbalance—however slight and short lived—does not represent a departure from longstanding form, and will not be used to provide a precedent for a policy shift in the future.

As I said at the outset, the bill is a good one, on balance. I have discussed my three points of concern, not so much to sound an alarm as to raise a note of caution.

The measure's imperfections are not only far outweighted by its merits, but are insufficient to form a solid base of opposition. They do not represent damage to the social security system, but they do represent steps which should be taken with great care, to avoid some serious stumbling in the future.

Most of the proposed changes in the social security system embodied in H.R. 17550 are not only sorely needed but long overdue.

I have felt for some time that the retirement test needed to be liberalized. Certainly a limit of $1,680 on the amount a beneficiary could earn annually without having his benefits decreased is not realistic. This exemption should be higher, and $2,000 is clearly not too high.

Other needed changes are proposed in benefits for widows and widowers, about 3.3 million of whom would be eligible for additional, and more equitable, payments starting in January of 1971.

For example, a lady who applies for widow's benefits at age 62 or older is entitled now to receive only 82½ percent of the amount her husband would have been eligible to receive. Under the bill, she could receive 100 percent of the husband's benefits.

Still another praiseworthy provision would liberalize the law allowing a social security wage credit of up to $100 a month—in addition to credit for basic pay—for military service performed after 1967. H.R. 17550 would provide those additional wage credits for military service starting in 1957, the year when military service became covered under social security.

As laudable and desirable as such changes would be, however, perhaps the most welcomed improvements proposed

in the bill would be in the medicare, medicaid and maternal and child health programs.

Taken as a whole, these proposals would make the programs much more effective than they are today. Costs would be held down without sacrificing the health needs of the beneficiaries. And considering the financial condition of the medicare program, these are the sort of changes which simply must be made.

Although this entire section of the bill is commendable, I am especially pleased with one particular provision which is designed to bring about coverage, supplementary to medicare, in Federal employee health benefit plans.

This provision specifically would require that, effective January 1, 1971, no payment would be made under medicare for services which also were covered under a Federal employee health benefit plan, unless in the meantime the entire Federal employees health benefit program had been modified to include coverage supplemental to medicare, and provisions assuring that Federal employees and retirees age 65 or older would continue to have the benefit of Government contributions toward their health insurance premiums.

Under present law, the Federal employee health benefit plans provide coverage which duplicates that of medicare. But they do not make payments for services which are duplicated. Participants in both programs can collect only through medicare.

A Federal employee may have contributed all along to one of these Government plans and to medicare, too, yet would be able to benefit under medicare only.

Most private employers have furnished their employees with supplementary health care coverage. The Government has not done so, with the resultant inequities to Federal employees and retirees.

This provision of H.R. 17550 should force the Government's hand, and bring an end to an unfair practice.

Because of that provision, and because of the many others which make H.R. 17550 a bill of great value overall, I commend it to the House, Mr. Chairman, and urge its approval.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from Michigan (Mr. CHAMBERLAIN).

Mr. CHAMBERLAIN. Mr. Chairman, I rise in support of H.R. 17550, the Social Security Amendments of 1970.

This is not to say that I am completely satisfied with this bill in all respects. I am not. This legislation does not include all the reforms that the President requested nor some additional changes which I believe should be made.

Nonetheless, H.R. 17550 makes definite and much needed progress in a number of areas which should serve to provide greater equity in our social security program.

Particularly encouraging is the committee's approval of the administration's proposals to improve benefits for widows and increase the amount that an individual may earn without losing benefits. While I personally had hoped that the retirement test could have been further liberalized and sponsored legislation to raise the annual limit to $2,400, I believe that the recommended increase from $1,680 to $2,000 a year will be of considerable help to those who have to work to supplement their retirement incomes.

I was very disappointed, however, that the committee rejected the proposal to provide automatic cost-of-living increases in benefits which I have joined in urging for some time and which was requested by the President. I feel it is regrettable that this decision was made by a strict party line division which is particularly surprising when you consider that such a provision was recommended in the platform of the Democratic Party in 1968 as well as in the platform of the Republican Party. This reform would have assured that the level of benefits would not lag behind the rest of the economy during periods of inflation and would have helped to remove social security adjustments from the political arena into which they have too often been cast. I commend to the attention of my colleagues the supplemental views contained in the report accompanying this bill which discussed this and other shortcomings of the bill as finally approved by the committee.

In addition, I support the purposes of the provisions of the bill designed to improve the effectiveness and hold down the cost of medicare and medicaid and maternal and child health programs. Because of the complexity of these programs we will have to watch carefully how these reforms are implemented in practice. It is apparent from the difficulties that have been experienced to date that the changes recommended by the committee deserved to be tested.

Another area which I very much regret the committee has passed over this time is the proposal to eliminate the requirement that those who continue to work past the age of 65 must nevertheless continue to pay social security taxes. There are hundreds of thousands of people over 65 who because they continue to work cannot under the present law receive any social security benefits, while many others have their benefits reduced. This built-in antiwork discrimination is compounded by the fact that these same people must continue to pay social security taxes, even though they will probably draw benefits for fewer years than those who fully retire at age 65. This is clearly unfair and should be corrected.

These are, of course, not all the reservations which I have about the legislation before us today. Nonetheless, I am satisfied the bill is the best that can be obtained at this time and urge its adoption.

Mr. DEL CLAWSON. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. DEL CLAWSON. Mr. Chairman, I thank the gentleman for yielding. Mr. Chairman, although official business in my congressional district requires that I leave before the final vote is taken on the bill before the House of Representatives today, I would like to state that had I been present my vote would have been for H.R. 17550, the Social Security Amendments of 1970.

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

Mr. BYRNES of Wisconsin. I yield to the gentleman from Kansas.

Mr. WINN. Mr. Chairman, I support H.R. 17550. I wish to commend my colleagues on the Ways and Means Committee for correcting a number of long-standing inequities in the social security system by this bill, H.R. 17550. I point specifically to that provision which liberalizes disability insurance benefits for blind persons and to that which raises the earnings level from $1,680 to $2,000 a year. Both revisions follow closely legislation which I have introduced in both the 90th and 91st Congresses and which is very long overdue.

However, I feel it is most unfortunate that this bill is being debated here in the House under a closed rule because it does contain one provision which relates to the medicaid program and will have a serious and adverse affect on many incapacitated elder citizens who must spend lengthy periods of time in some kind of skilled nursing home. We, in Kansas, have an unusually high ratio of senior citizens and many are benefiting from the medicaid program. It is estimated that this bill could withdraw at least $5 million which would have to be made up by State revenues, and it is unlikely the State can take up this additional burden. I fear that enactment of this provision in H.R. 17550 will mean disaster for Kansas welfare program for the aged will result in the closing of many skilled nursing homes, already in desperate short supply.

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

Mr. BYRNES of Wisconsin. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, I wholeheartedly support the provisions in the Amendments to the Social Security Act which would increase payments to the 26.2 million beneficiaries by 5 percent, increase the income limitation to $2,000, and increase survivor's benefits to 100 percent of the primary insurance amount.

I have some doubts about certain other provisions in this measure dealing with medicare and medicaid, but because of the closed rule under which we are considering this legislation it cannot be amended.

It is that which has been omitted from this measure that concerns me most. There is no doubt of the need for the increase in payments for those living on these benefits so long as we are experiencing the inflationary spiral we are in today. However, Congress will once again ignore its responsibility to these people if we fail to make certain that such increases are not used as a political football which is passed only in election years.

For that reason, I shall support the motion to recommit this legislation with instructions to the committee to amend it to include the automatic cost-of-living provision many of us have been working for over the last several years.

There are those who will argue here today that we should not do this because Congress will lose control over social security increases. To me that is an admission that Congress has used the social

security issue as a political football. My provision for granting automatic increases based on the cost of living and not whether it is an election year would make the Social Security Administration responsive to the needs of the people.

While a stable dollar is the major long range need to protect older Americans and others who must depend on relatively fixed incomes, I feel this immediate action is required to provide help to these persons against the ravages of inflation. Adoption of our porposal to provide automatic increases in social security benefits equal to rises in living costs would be a major step in that direction.

As introduced and supported by scores of minority Members in the House, such an amendment to social security would provide that whenever the consumer price index goes up by a specified percentage, then old-age, survivors, and disability insurance benefits would be increased in an equal percentage.

The most important argument for automatic cost-of-living increases in social security benefits, of course, is the help it would give to older people.

Most older Americans are relatively defenseless against higher living costs produced by the inflationary spiral. Help should be available to the retiree as soon as he or she is hit by the dollar-value loss. He should not have to wait 1, 2, 3, to 5 years for such relief through general amendments to the Social Security Act. This is especially so when such increases often fail to compensate fully for changes in living costs anyway.

It is regrettable, but true, that many of the elderly simply cannot wait. Some are of most advanced age and may not even live to get the benefit of increase "promises." A high percentage of these extremely old people are ones with the lowest resources.

I believe that compassion, equity, and commonsense demand that we stop making older people wait until some future Congress chooses to compensate them for social security benefit losses created by inflation.

Convinced as I am of the urgent need for this reform in the social security system, I have introduced legislation in support of the cost-of-living provision and will continue to do so with the hope the majorities in Congress will cease its opposition and join us in providing for an automatic offset against the hardships of inflation and its resulting rise in prices which plague our senior citizens.

Mr. MILLS. Mr. Chairman, I yield such time as he may require to the gentleman from Louisiana (Mr. BOGGS).

Mr. BOGGS. Mr. Chairman, the committee has done an outstanding job in reporting this bill. It is vitally important to the millions of Americans who receive social security benefits.

Mr. Chairman, I want to express my support of the provisions of H.R. 17550, even though in many ways the bill does not go as far as I had hoped that it would.

The 5-percent benefit increase coupled with the 15-percent increase voted last December will greatly improve the ability of the beneficiaries to get along. Under the bill monthly benefits for a retired worker on the rolls who retired at age 65 or later would range from $67.20 to $231.90. Under existing law, the benefit range for those now receiving old-age benefits is $64 to $220.80. I would like to have raised the minimum benefit to at least $80, because, as we all know, those at the lower end of the benefit scale are generally in the greatest need, and I hope that in the near future we will be able to raise the new minimum of $67.20 substantially.

Under the bill, benefits to widows and widowers if taken at age 65 or later would be increased to 100 percent of the worker's primary insurance amount. Under present law, the widow or widower receives a benefit equal to 82½ percent of the worker's primary insurance amount whether the benefit is applied for at age 62 or later. Your committee's action corrects this long standing weakness in the social security program. For a widow or widower making application for benefits before age 65 the benefit would range from 82.9 percent at age 62 to 100 percent at age 65.

In addition, the bill would increase the amount that a person may earn without having his benefits withheld. Under existing law if he earns more than $1,680 a year he loses some or all of his benefits; between $1,680 and $2,880, $1 in benefits is withheld for each $2 of earnings and above $2,880, $1 in benefits is withheld for each $1 of earnings. Under the bill he would be able to earn $2,000 a year without losing any benefits and the $1 for each $2 band would be extended to $3,200 of earnings. These changes will make it possible for those among the beneficiaries who are able to work to supplement their social security benefits with fairly substantial earnings.

One improvement that I am particularly pleased to see in the bill is the change in the method of figuring benefits for male workers. Under present law benefits are figured differently for men and women and the result is a lower benefit for a male worker than for a woman worker with the same earnings. Under this bill, benefits for both men and women would be averaged over a number of years figured up to the year the worker attained age 62, as is presently the case for women workers. This provision means that a man and woman of the same age working side by side in a factory and earning the same amount of money would receive the same retirement benefit.

Two other changes in the program incorporated in this bill are due in large part to the efforts of our distinguished colleague from Michigan, the Honorable MARTHA GRIFFITHS. Under present law a divorced wife or surviving divorced wife can receive benefits on her former husband's account if they had been married for at least 20 years, if, at the time, she applies for benefits she was receiving support from her former husband or there was a court order for her support. Many women at the time of the divorce take a property settlement in lieu of alimony or for other reasons refuse to accept any support. Also, in some few States it is not possible under the law for a woman to get alimony. Under the bill, the support requirement would be removed and benefits would be payable solely on the basis of a marriage which lasted at least 20 years. Also, under the bill, widowers would be eligible to receive benefits at age 60, the same as that for a widow. Widow's benefits at age 60 have been payable since 1965 and now the same protection will be afforded dependent widowers.

So far as medicare is concerned I am glad to report that the bill would make some much-needed improvements in the health insurance program. But I am disappointed that there is no provision for medicare for the disabled. The 1967 Social Security Amendments required the Secretary of Health, Education, and Welfare to establish an advisory council to study the problems of health insurance for the disabled. In January 1969 the council recommended extension of health insurance coverage to disabled beneficiaries. I would have liked for this bill to have included a provision to carry out this recommendation. Nevertheless, the provisions that are included in the bill are good ones and I hope that all of you will join me in supporting them.

Mr. MILLS. Mr. Chairman, I yield such time as he may require to the gentlemen from Ohio (Mr. VANIK).

Mr. VANIK. Mr. Chairman, I am pleased to support H.R. 17550, which was reported out of the Ways and Means Committee on which I am privileged to serve. This proposal does not either completely or satisfactorily update the social security program, but it is a step in the right direction.

This bill increases by 5 percent the social security payments to the 26.2 million beneficiaries on the rolls at the end of January 1971, and to those who come on the rolls after that date. The benefit increase would be effective for the month of January 1971, payable in February, and would mean additional benefit payments of $1.7 billion in the first year.

The bill would increase the amount a beneficiary under age 72 may earn in a year and still be paid full social security benefits for the year, from the present level of $1,680 to $2,000. Then, as in present law, for the next $1,200 of earnings there would be a reduction of $1 in a recipient's social security benefits for each $2 of earnings. A reduction of $1 would be made for each $1 of annual earnings above $3,200. This change would involve a cost to the Social Security Fund of almost one-half billion annually.

Another provision would provide $700 million annually in additional benefits to 3.3 million widows and widowers on the rolls at the end of January 1971 by providing that a widow or widower would be entitled to a benefit equal to 100 percent of the primary insurance amount, if first applied for at age 65 or later. Benefits applied for between age 62 and 65 would be proportionately increased over the present 82½ percent rate according to the age of the applicant at the time of application. In addition, widowers under age 62 would be granted the same privilege of applying for benefits on an actuarially reduced basis as now applies to widows.

The further changes under this bill eliminate the differences which favor women over men by providing that male retirees can compute their average earnings to age 62 instead of age 65.

In the medicare provisions, this proposal seeks to make the medicare, medicaid and maternal and child health programs more efficient.

As I stated in my separate views on this bill, I am distressed with the decision to reduce the old-age and disability insurance fund by $30.2 billion in the next 4 years with a compounded loss including interest totaling $54.9 billion by January 1, 1980.

The reduction of the old-age and disability tax rate was achieved by deferring the scheduled increase in the employer-employee combined contribution rate to 10 percent until January 1, 1975. Present law would have increased the combined 8.4-percent rate to 9.2 percent on January 1, 1971, and to 10 percent on January 1, 1973.

I cannot agree with the social security authorities who deplore the healthy growth of the social security fund. Those who criticize and question the soundness of this program are given comfort by our legislative action which diverts almost $62.6 billion from the fund over the next 40 years.

Under regular insurance actuarial standards, the social security trust fund is far below accepted reserve requirements. The tax stretchout further reduces the strength of the trust fund at a time of uncertainties beyond projection or prophecy.

Our action in reducing the tax rate on the old age, survivors', and disability insurance fund is an inflationary action which comes simultaneously with income tax reductions. It would seem provident to place some of the tax reduction into the retirement reserve.

Furthermore, the trust funds are becoming more substantial investors in the Federal debt. The time is not far distant when 40 percent of the Federal debt will be held by trust fund accounts. The trust fund contributions constitute the only investment in the Federal debt of millions of American taxpayers. Incredible as it may seem, the substantial investment of the trust funds in the Federal debt have served to keep the Federal interest rate and the public interest rate from reaching even greater heights.

Those who oppose the increased reserves in the social security trust fund are also those who oppose increased benefits. They are willing to shortchange the trust funds in order to reduce pressures for increased benefits and services needed by retired Americans. The worker-contributor will save a few pennies but the corporations of America will have a windfall of $15 billion in 4 years at the expense of a stronger social security fund and a better program.

It is my hope that the next Congress will review this decision and take appropriate action, if necessary, to strengthen the social security fund.

Mr. MILLS. Mr. Chairman, I yield such time as he may require to the gentleman from New York (Mr. GILBERT).

Mr. GILBERT. Mr. Chairman, I wish to congratulate and compliment the chairman of the Committee on Ways and Means and the members of the committee who worked so hard and diligently on this bill.

Mr. Chairman, I rise in full support of this bill to increase social security benefits by 5 percent.

This bill is the logical extension of the bill passed by Congress last year in which a 15-percent increase in social security benefits was authorized for more than 26 million Americans who today receive social security benefits.

I am also pleased that the committee has seen fit to take steps that will allow these senior citizens to live in relative comfort and security during this particularly crushing inflationary period the country is now undergoing.

The fight to increase the social security check has been a long, hard, often lonely battle for those of us who are concerned about the plight of our senior citizens. I laud the committee, and particularly our chairman, WILBUR MILLS, for responding so well to this worthwhile cause.

This bill, combined with last year's 15-percent increase, is in accord with my bill, provides a 20-percent benefit increase at the beginning and provides increases up to a total of 50 percent over several years. This is a first step toward the ultimate attainment of the 50-percent increase in benefits which will finally bring our golden age citizens up to a decent minimum living standard.

I will not go into detail on the bill since it has already been widely discussed, but the increases allowed in this bill raising the present level from $1,680 a year to $2,000 a year are certainly a step in the right direction.

For every $2 of earnings up to $3,200, a recipient's benefits would be reduced only by $1. This means that a social security recipient not only has a higher level under our bill, but is allowed incentive earnings.

An important provision of the new bill, as far as I am concerned, is the increased benefits for widows up to age 65. Up until now, they have only been receiving 80 percent of benefits. Under the new bill, as I had earlier proposed to the committee, benefits will now be 100 percent. There are presently more than 3 million widows and widowers on social security rolls. The increased benefits will dramatically increase their standard of living under social security.

As always, my committee has reported out a complex and tightly written bill which is primarily designed to assist those people who have worked hard all their lives and deserve to live out their retirement years in dignity and decency. We have discovered in our investigations in recent years that some social security recipients have had to go on welfare to survive. I cannot think of any worse condemnation of the social security system than that. Last year's 15-percent increase was an attempt to correct those inequities.

This year's bill is the second phase, and I am confident that as the years go on, my committee—and the House—will continue to move forward along the same liberal lines.

In these years of inflation and declining quality of services, we cannot desert those millions of people who have dedicated their lives to this Nation's improvement. This country was built by the working man and he is the bulwark of our free, democratic process today, and we must insure that when the working man or woman retire, we are not relegating him to second-class status. I am very pleased with this year's bill, and I would hope that it will receive the enthusiastic endorsement of all the Members of the House.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky (Mr. STUBBLEFIELD).

Mr. STUBBLEFIELD. Mr. Chairman, since the bill to amend the Social Security Act has been brought to the House floor under a closed rule, making it impossible to offer amendments from the floor and making it necessary to vote either for or against the measure in its entirety, I feel that I must vote for the bill. This is not to say, however, that I favor all of its provisions. I am definitely opposed to the nursing home provision and I expect to do all within my power to encourage the conferees to delete this section from the bill. I feel that it would work a great injustice on all our elderly citizens.

Mr. MILLS. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri (Mr. BURLISON).

Mr. BURLISON of Missouri. Mr. Chairman, today should mark a great milestone in the lives of our senior Americans. The bill we are now considering will add a 5-percent, across-the-board increase for social security recipients. This, added to the 15-percent increase which we approved a few months ago means that many of our people have received a substantial improvement in living standards in a short period of time. The Congress is to be commended for this action.

But this is not all we are doing by our action today. We are, first, raising the retirement exemption from the present $1,680 to $2,000, with a 50-percent reduction in benefits between $2,000 and $3,200.

Second. Benefits equal to 100 percent of primary insurance for widows and widowers over 65, with proportional increases over the 82.5 percent current rate for those between 62 and 65. In addition, widowers under 62 would be granted the same privilege accorded widows applying for actuarially reduced benefits.

Third. Reduction of the computation point for benefits for men from 65 to 62 and elimination of the actuarial reduction in spouse's benefits when such benefits are applied for in addition to retirement benefits.

Fourth. Permitting individuals receiving disability insurance, workmen's compensation, and social security to receive 100 percent instead of 80 percent of average earnings.

Fifth. Extension of the $100 monthly military service credit back to 1957 instead of 1967 in current law.

Sixth. Raising the age for child's benefits for persons disabled prior to age 18 to age 22.

Mr. Chairman, this is monumental legislation. Hopefully, we will overwhelmingly pass this bill today as an added incentive to the Senate and the President to promptly get our legislation into effect.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise in support of this bill.

Mr. Chairman, the bill not only improves benefits but also makes significant improvements in several provisions of the social security law—provisions relating to our old, our blind, our widows and widowers and to those adults who have been disabled since childhood. These provisions will benefit the approximately 26 million recipients presently on the rolls by increasing payments by nearly $4 billion during the first year after enactment. In the State of Illinois alone there are around one and a third million social security beneficiaries whose benefits would be increased under the bill by about $230,000,000 during the first year.

Of course, there are still problems to be solved and situations to be improved in the social security system, but I believe this bill has brought us further along on the way to take care of those of our people who can no longer take care of themselves.

The 5-percent, across-the-board increase in social security benefits is an indication of our concern not to let the income of our social security beneficiaries lag behind the steady upward movement of prices and wages.

I am happy to point out that the committee has increased the amount of earnings a social security beneficiary may have and still get full benefits. At present that amount is only $1,680 a year. The increase to $2,000 is not dramatic—it should be more—but it does represent the approximate increase in earnings levels since 1968 when the $1,680 figure was set. To that extent the committee has recognized that these beneficiaries who desire to and are able to work ought to be encouraged. I think, therefore, we have moved forward.

The bill corrects a situation relating to the benefits to our aged widows and dependent widowers. It recognizes that a widow's needs are the same as those of the retired worker, and provides that an aged widow's benefits would be the same amount as for the retired worker.

The bill will at long last remove an inequality in the law under which retirement benefits for men were computed on a less favorable basis than for women. I applaud this improvement. I hope that sometime soon we will also find a practical and equitable way to base a husband's and wife's retirement benefits on their combined earnings under social security.

Mr. Chairman, I am also pleased to support the provision in the bill which will extend disability benefits to those young people who become totally disabled after reaching age 18 but before age 22, where the parent is retired and getting benefits or has died. Patterns of living, and our education and training requirements have changed to the extent that many young people do not have any regular earnings and are dependent on their parents for support until they are in their early 1920's. The law had been brought up to date in one respect by providing child's benefits to students until age 22. This provision is a logical and commendable extension of this recognition.

Mr. Chairman, I have long been aware of the particular handicap that besets our blind disabled and I am pleased to report that under this bill the eligibility requirements for social security benefits are somewhat eased for the blind.

Mr. Chairman, we all know Mark Twain's witticism that everybody talks about the weather but nobody does anything about it. Similarly, there has been a lot of concern but not much action so far about the spiraling medical costs. I am particularly pleased to support the provisions of this bill that show energetic and resourceful efforts to control these costs and I earnestly hope that they will be as successful as the members of the Committee expect them to be.

Mr. Chairman, I am humbly proud to have had a part in developing this bill and I want, in particular, express my admiration for the untiring and competent leadership of the chairman of the Ways and Means Committee, our honorable colleague, WILBUR MILLS, in keeping this bill on the narrow path between the desirable and the possible. I entreat my colleagues in this distinguished body to join me in its support.

Mrs. GRIFFITHS. Mr. Chairman, as a member of the Committee on Ways and Means I wish to say that I strongly support all of the provisions in the bill reported by our committee. The bill would make many improvements in the social security program, a program that is vitally important to millions of Americans.

I was especially happy to see included in the bill two of the provisions that first I and then others among my fellow Congressmen have been recommending for so, long—provisions that would insure that men and women in the same situation would be treated equally under the program.

The age 62 computation point for men provided by the bill will provide equal treatment for men and women in determining benefit eligibility and computing benefit amounts under the program. Both will be figured up to age 62 now, instead of up to age 62 for women and up to age 65 for men, as is the case under present law. As a result, a man and a woman of the same age and with the same earnings will get the same benefits. No longer will the man get less, as he does under present law.

Another area in which equal treatment of men and women is provided by the bill is that of the age of eligibility for widow's and widower's benefits. Under present law the age of eligibility for widows is 60 while widowers must wait until they are 62 to get their benefits. The bill would lower the age for widowers from 62 to 60, making it the same as it now is for widows.

This provision would correct an unequality in the treatment of men and women that has existed since 1965 when the age of eligibility for widows was lowered from age 62 to 60 but the age of eligibility for dependent widowers remained 62. There is no valid reason for this difference in treatment of men and women and it should be corrected.

Another provision I am particularly happy to see included in the bill is the one that would eliminate the support requirements for divorced wives and widows. Under present law benefits are payable to aged divorced women and to divorced mothers with minor children only if they meet rigid support requirements. When I offered the amendment originally, I never expected it to work in this way. I am happy now to correct it. A divorced woman is required to show that, first, she was receiving at least one-half of her support from her former husband; or second, she was receiving substantial contributions from her former husband pursuant to a written agreement; or third, there was a court order in effect providing for substantial contributions to her support by her former husband.

The intent of the Congress is providing benefits for divorced women was to protect divorced women with young children and women whose marriages were dissolved after they have reached an age where they might not be able to go out and earn retirement protection for themselves. The need for social security protection is particularly acute for women who have spent their lives as homemakers and who have never worked outside the home. Removal of the support requirements will permit these women to qualify for benefits.

These provisions are unquestionably a substantial move in the direction of equal treatment of men and women under the program and, as I have said, I strongly support them. I must say though, that I was most disappointed that the bill does not include other provisions that are needed in order to give equal treatment to women and men. We need to eliminate the support requirements for husband's and widower's benefits since there are no support requirements for wife's and widow's benefits and we ought to provide father's benefits under the same conditions as we provide mother's benefits.

And I was more than disappointed that our committee did not see fit to include my proposal to permit a working couple to combine their earnings and have their social security benefits figured as though all of their earnings were the earnings of one of them. Under present law an aged couple can get less in total monthly benefits if both the man and wife worked than a couple getting benefits based on the same total earnings where only the husband worked. For example, when only the husband works and earns $7,800 a year, benefits to the couple at age 65 would be $376.10—250.70 to the husband and $125.40 to the wife; if the husband and wife each had earnings of $3,900—combined earnings of $7,800—their benefits would be $309—$154.50 each.

The committee did request the Advisory Council on Social Security that is currently reviewing all aspects of the social security program to study this issue and to include in its report specific recommendations on how the benefits paid to a married couple may be equitably based on their combined earnings. I shall be particularly interested in seeing that report.

While the bill does not include everything I would have liked it to include, and while I am sure that other Members

have special interests that were not taken care of in the bill, it is, nevertheless, a good bill and one that I believe every Member of the House can accept with enthusiasm.

Mr. BURKE of Massachusetts. Mr. Chairman, I support the bill which the distinguished chairman and ranking minority member on the Committee on Ways and Means have introduced. Last year, when the committee provided for a 15-percent increase in benefits, I expressed my support for that increase, though I thought then that increase was insufficient. The 5-percent increase in the present bill will partially compensate for the inadequacy of the increase that was enacted last year. Nevertheless, the total increases passed last year and under consideration in this bill do not provide adequate purchasing power for the approximately 25 million social security beneficiaries—our aged, our widows, our orphans, and our disabled. These people generally have very little income other than the benefits they get under our Nation's social security program.

The bill also increases from $1,680 to $2,000 the amount of earnings a beneficiary may have in a year and still draw his full benefits. This is a step forward, though in today's economy I believe an amount higher than $2,000 would be preferable. For the large number of beneficiaries whose benefits supplemented by modest earnings constitute their source of income, the increase to $2,000 will be an important help in maintaining their purchasing power. For many beneficiaries who can earn $2,000 or somewhat more this increase will result in $320 more in total income for a year.

I am especially glad that the committee adopted a number of improvements in the disability insurance program. One much needed change which I have supported would permit payment of benefits to a child on his parent's record if he was disabled before age 22, rather than before age 18 as at present. This change will fill a much needed gap in the protection to young people who become disabled after leaving high school but before they have had the opportunity to work long enough in covered employment to build their protection on the basis of their own work. It is a vital and valuable improvement.

Another very important improvement in the disability provisions would permit a blind person to qualify for disability benefits even though he does not have 20 quarters of coverage during the 10 years up to and including the year in which he claims the benefits. I am sure we all realize the problems many blind people have in working sufficiently to be able to qualify for benefits.

One of the most unfortunate results of the present medicare program is the effect it has on the protection offered to employees of State and local governments who, because of a satisfactory retirement system of their own, do not have coverage under social security, and thus they do not have medicare protection. Yet for most of these, Blue Cross and other programs have adapted their protection to supplement the protection offered by medicare. Thus for many public servants, either the protection available to cover hospital and medical costs has gone down or their costs have risen beyond reason. It is with great satisfaction that I tell you that this bill makes medicare protection available to all uninsured workers at a cost of $27 a month for the hospital insurance coverage, and that the States and other organizations may, by agreement with the Secretary, purchase this coverage on a group basis for their retired employees age 65 or over.

I cannot stress too strongly the value of these and the many other improvements which this bill makes in the social security program. I urge all of you to vote for the bill, on which the committee has spent many hours of concerned study.

Mr. FULTON of Tennessee. Mr. Chairman, today we take an important step forward in passage of this legislation to helping an important and deserving segment of our society keep pace with the rising cost of inflation.

Passage of the Social Security Amendments of 1970 by the House of Representatives today will provide this protectection to the millions of retired Americans who depend on their social security monthly benefits for their livelihood.

Since February of 1968, when benefits were increased by the 90th Congress the cost of living has risen almost 13 percent. In December of last year the Congress increased bnefits an additional 15 percent but this hardly keeps pace with inflation when one considers the preceding months for which they were not compensated.

This new legislation will add another 5 percent increase in benfits in January 1971. This will hardly match the expected 6 percent cost-of-living increase that is threatened to occur during calendar 1970.

Mr. Chairman, there is tragic irony in this increase in social security benefits. Since my election to the House Ways and Means Committee in 1965 that committee has reported and the Congress has approved social security benefit increase totaling more than 37 percent. Yet it is reported that the buying power today of the weekly after-tax earnings of the average nonsupervisory worker in private employment, about 48 million workers, is less than last year and below what it was in 1965.

Thus, while social security benefits have risen some 37 percent in the last 5 years the social security benefit dollar provides little more if any in purchasing power than it did half a decade ago.

It had been my hope that the committee would have found it possible to bring to the floor a bill with a 10-percent benefit increase effective July 1 of this year.

Regrettably we were not in a position to do so because existing and expected moneys in the trust fund simply will not permit an increase of this size at such an early date.

It is also unfortunate because this Nation is now in its 16th month of economic decline, a decline which gives no reassuring evidence of bottoming out.

The stock market has reached new lows. Industrial output in the Nation has slumped to less than 80 percent of capacity. Unemployment stands at almost 5 percent of the work force with over 1 million Americans joining the ranks of the jobless since December of last year.

And who is it that suffers the most? It is the man on the fixed income, the wage earner, the small businessman.

It is time this administration admitted candidly to itself that its anti-inflation policy of high interest rates and controlled expenditures simply are not sufficient to thwart the economic dangers facing this country. The Congress in December of last year gave the administration certain selective tools it could use to help curb inflation. To date these tools have been ignored despite pleas from almost every segment of the economy and warnings, just this week, from within the administration itself.

Finally, Mr. Chairman, the House has passed legislation which I was privileged to cosponsor, increasing railroad retirement benefits by 15 percent retroactive to January 1 of this year. The bill is now languishing in the Senate. In addition I have offered additional legislation to provide for another 5-percent increase in railroad retirement benefits on January 1, 1971, to maintain the traditional benefit equality between the social security and railroad retirement systems.

The need for an increase in railroad retirement benefits is urgent because while social security beneficiaries are enjoying their 15-percent increase today, railroad retirees have had no increase in more than 2 years.

It is my hope that the Senate acts immediately on the railroad retirement legislation already passed by the House and amends the bill to include the provision in my bill which will grant an additional 5-percent increase in January of next year when the new social security benefit increase becomes effective.

Mr. HOGAN. Mr. Chairman, I would like to state my enthusiastic support for the bill before us.

May I first commend the chairman and members of the Ways and Means Committee for their extensive review and analysis of a very complex piece of legislation and its programs.

In the product of their efforts I see the solution to many problems and inequities which have hampered the effectiveness of the social security and medicare-medicaid programs, and I feel the administration of these programs will be vastly improved as a result.

I am particularly pleased to note that certain provisions which I sponsored in my bill H.R. 14239 are contained in the committee's recommendations. Among those are provisions to—

Increase widows' benefits to 100 percent for those persons over 65 years of age;

Authorize a computation age of 62 for men, thereby eliminating an inequity;

Modify the earnings test so that earnings in and after the month a person

reaches the age 72 are not counted against his annual income; and

Provide benefits to disabled dependents who become totally disabled after age 18 and prior to age 22.

Although the committee did not go as far as I would have liked in reducing the number of quarters required for the blind to be eligible for disability benefits, the bill before us does provide a relaxation of existing requirements which is an improvement.

Similarly, I would like to have seen the earnings limitation for those over 65 lifted completely. The committee has seen fit to increase the amount of $2,000, which I, of course, approve as it will mean a lot to those who are willing and able to work to supplement their meager annuity, particularly under existing inflationary conditions.

These are just a few of the myriad of situations to which this bill responds. As I understand it, benefits will accrue to approximately 41 million persons in the amount of $3.9 billion in the first year under the provisions of this bill.

This includes the overall 5-percent increase in benefits effective January 1, 1971, which I wholeheartedly approve. I praise the committee for its farsightedness in acting now to include this increase which I do not doubt will be sorely needed by next January 1.

We in the Congress have a commitment to maintain social security and to upgrade and extend that program and others to meet the needs of our senior Americans. By passing this bill, Congress will be continuing to fulfill that commitment. Therefore, I urge every Member to support this legislation.

Mr. MINISH. Mr. Chairman, the Social Security Act of 1970 contains many constructive amendments which provide needed structural improvements in social security, medicare, medicaid, and maternal and child health programs. However, the more substantive provisions of the legislation fall short of providing adequately for America's senior citizens.

Most of the Ways and Means Committee's decisions are worthwhile and deserving of strong support. For example, the legislation proposes a liberalization of the retirement test, alters the requirements for the blind to qualify for disability payments under social security, reduces the benefit computation point for men to 62, and raises the age for child disability benefits from 18 to 22.

H.R. 17550 also includes a section allowing both widows and widowers 65 or over to receive 100 percent of their spouse's retirement benefit. Under present law, they are restricted to only 82.5 percent of the spouse's benefit.

The 5-percent, across-the-board increase to take effect next January 1 is inadequate at a time when the cost of living is rising annually by approximately 6 percent. Inflation exacts its harshest toll on our elderly citizens, many of whom must struggle to get by on a low, fixed income while prices continue to rise.

A solution to the dilemma of inflation for older persons is contained in legislation I introduced last year. Under my measure an automatic reappraisal of social security benefits would be required every 3 months. Whenever prices in such a period have risen above a certain point, there would be a parallel increase in social security benefits. Such a cost of living mechanism is necessary to prevent the erosion of benefits by rising prices which force the elderly to fall further and further behind in the race with living costs.

Mr. Chairman, H.R. 17550 is being considered under a traditional closed rule barring all amendments. Hopefully the legislation will be improved when it reaches the Senate to provide for a more adequate increase in benefit levels and the institution of a cost-of-living mechanism to tie future benefit increase to the rising cost of living.

Mr. FLOOD. Mr. Chairman, I am grateful for this opportunity to express my strong support for H.R. 17550, a bill that would make several important and much-needed improvements in the social security program.

The improvements that would be made in the social security program under the bill would affect, of course, not only the 25½ million people now getting benefits, but also the 94 million workers who are currently contributing to the program. The most important provision of the bill, since it would affect all present and future beneficiaries, is the provision for an across-the-board benefit increase of 5 percent for all social security beneficiaries on the rolls in January 1971 and for those coming on the rolls thereafter. The 15-percent benefit increase that was enacted just last December brought the beneficiaries up to date with the cost of living. But, of course, the cost of living has continued to rise since that time and shows no signs of any significant slowdown in the very near future.

I am glad to see that the bill calls for an increase in the contribution and benefit base—the maximum amount of annual earnings taxed and counted for benefits under the program. The higher creditable earnings resulting from the increase in the base from $7,800 to $9,000 would make possible an ultimate maximum benefit, on average monthly earnings of $750, of $283. While this increase in the base will of course help to finance the improvements in the program that the bill would provide, the really important thing is that it will help to keep the program up to date in terms of today's earnings levels. As a result, it will be possible to pay benefits that are more reasonably related to the actual earnings of workers at the higher earnings levels.

The bill would also change the retirement test—the provision in the law under which a person under age 72 has some or all of his benefits withheld if he earns over a certain amount—by increasing from $160 to $2,000 the amount a person can earn and still get all of his benefits for the year. I am most pleased to see the change included in the bill.

I am also pleased that the committee has seen fit to increase the amount of an aged widow's benefit under social security. Women getting aged widow's benefits on the average get lower benefits than do most other social security beneficiaries. In addition, surveys of social security beneficiaries have shown that, on the average, women getting aged widow's benefits have less income from sources other than social security than do most other beneficiaries. Therefore, an increase in benefits for aged widows—and also for widowers—is an improvement in the social security program that we should all go along with. The bill would equalize the treatment under social security of aged widows and widowers by lowering the age of eligibility for aged dependent widowers' benefits from 62 to 60 and thereby granting widowers the same privilege of applying for actuarially reduced benefits as now applies to widows. I endorse this change.

I am only sorry that an emergency meeting in my State means that I will not be able to be recorded as voting in favor of this bill.

Mr. BRINKLEY. Mr. Chairman, I wish to call attention to the proposed amendment to title XIX of the Social Security Act relating to medicaid. It is my understanding that there were no public hearings on this part of H.R. 17550 to indicate what effect it would have on the aging.

If Federal medicaid funds for skilled nursing home care are reduced after 90 days of benefits in a year by one-third, we are saying, in effect, that if the aged recipient does not improve in 90 days, then give him less care with less skilled personnel.

I hope the Congress will carefully consider the fate of our elderly citizens in nursing homes should they suddenly have no place to live and no one to care for them. It is most important for us to realize that the present medicaid program is vital to the well-being of millions of indigent Americans.

In Georgia, as well as other States, many patients from State hospitals are admitted to nursing homes, and the only source of support most of them have is the medicaid program. Without medicaid, as it now exists, these senior citizens, who deserve the very best we can give them, would have to return to the State hospitals to a life of meaningless existence. It appears that the first program designed to assist our elderly ill is now being eroded.

Additionally, the nursing home industry would be seriously jeopardized financially throughout the country. Indeed, in the State of Georgia, the State health department has estimated that the nursing homes of Georgia would lose over $7 million in Federal funds, and State funds just are not available to replace them.

It is my further understanding that the proposed amendment is:

First, an increase in the Federal matching percentage by 25 percent for outpatient hospital services, clinic services and home health services;

Second, a decrease in Federal percentage by one-third after the first 60 days of care—in a fiscal year—in a general or TB hospital;

Third, a reduction in the Federal percentage by one-third after the first 90 days of care in a skilled nursing home;

Fourth, a decrease in Federal matching by one-third after 90 days of care in a mental hospital and provision for no

Federal matching after an additional 275 days of such care or during an individual's lifetime; and

Fifth, authority for the Secretary of Health, Education, and Welfare to compute a reasonable cost differential for reimbursement purposes between skilled nursing homes and intermediate care facilities.

The administration estimated that the amendment to title XIX would reduce Federal expenditures by $238,000,000. This will make it necessary for the States to:

First. Absorb the fiscal impact with State and local funds, or

Second. Reduce overall medicaid benefits, or

Third. Reduce skilled nursing home benefits regardless of patient need, or

Fourth. Classify patients as "intermediate care" or "custodial." Many States do not have an intermediate care program. Some States with an intermediate care program have already classified nursing homes and patients as intermediate care on a wholesale basis without regard to required standards or patient needs. The Federal financial assistance in intermediate care is limited to grant-in-aid recipients. Medical-assistance-only patients in the medicaid program would not be eligible for Federal assistance in intermediate care facilities.

I believe that the record will show that past efforts to severely curtail utilization of extended care facilities or skilled nursing homes have resulted in increased use of hospital benefits at several times the cost of skilled nursing home care. Similar results may occur under this amendment since the 60-day limit on hospital stays is almost no effective limit.

Mr. SCHADEBERG. Mr. Chairman, I rise in support of this legislation, H.R. 17750. It is not perfect. That does not mean I am critical of the members of the Committee on Ways and Means. I think they have done a good job. They had to work with what we have and the needs that needed fulfilling.

Our senior citizens are the No. 1 victims of the inflational spiral that has been afflicting our economy. A large share of the blame for this inflationary spiral must be laid at the doorstep of members of this House who have through the years concocted scheme after scheme to spend the taxpayers' money. Many of the programs in unrestricted escalation caused a deficit spending by the Government of astronomical proportions. Our senior citizens had borne the brunt of reckless spending and the unrestricted proliferation of our Federal bureaucracy.

I congratulate the committee for including into this legislation the raising of the amount of money a social security beneficiary can earn before his benefits are reduced. I have introduced legislation in each new Congress to which I was privileged to represent my people that would permit a raise in earned income before reduction in benefits and it is good to know that the Committee has seen fit to act favorably on this matter at this time.

I am in favor of automatic increases in benefits in keeping with increases in the cost of living due to inflation. It is long past due since the social security beneficiaries are the victims of congressional fiscal actions. Social security benefits are paid for by the people and as such should not be manipulated for political advantage of members of this House who impose the taxes.

Mr. PATMAN. Mr. Chairman, nursing homes are providing an excellent and needed health service for our older citizens. Never before in history have such large numbers of elderly people had access to skilled long-term care. It seems to me to be highly unfortunate that this House would now, in an effort to achieve the worthy goal of improved preventive treatment and outpatient care, strike a damaging blow to nursing homes by approving an inflexible 90-day limit on extended care after which time Federal medicaid support funds would be reduced.

What of the patients affected by this action? If a State is unable to take up the financial slack when the Federal Government cuts back on assistance after 90 days, are the patients to be thrown out into the streets or deposited in the homes of their children who have neither the facilities nor the training to provide adequate care? While there may be a few who remain in extended care facilities when their health does not require it, the effect of the action being considered today would be to reduce assistance for all medicaid patients regardless of their health condition. This may remove the few who do not really need skilled care, but how many in genuine need will suffer as a result?

Mr. Chairman, there are better ways of going about this, and I hope the House will not approve this disruptive and inflexible requirement which threatens the nursing home industry, the fiscal condition of our States, and the health and well-being of many elderly citizens who require skilled long-term care.

Mr. DENNIS. Mr. Chairman, I vote today for H.R. 17550 which increases social security benefits by 5 percent, raises the amount of earned income which may be retained without sacrifice of benefits from $1,680 to $2,000, provides for a 100-percent widow's benefit if applied for at age 65 or later, liberalizes provisions as to benefits for divorced women, and, along with other amendments, makes several important reforms regarding medicare and medicaid.

I should like, however, to emphasize the concern which I feel, and which needs to be kept in mind by all of us, regarding the expense of these liberalized benefits and the tax burden on our working population which is necessary to support them. The tax base, starting January 1, 1971, will go from $7,800 to $9,000 per year, and the tax rate on each employee goes from 4.8 percent to 5.2 percent in 1971–72, and to 6.5 percent by 1987. This means a combined rate on employer and employee of 13 percent. The rate on the self-employed by 1987 will be 8 percent.

This burden is being imposed less than 5 months after a 15 percent increase, which I also supported, and this 20 percent increase admittedly outstrips the increase in the cost of living.

All of us, myself included, take pleasure in providing a livable retirement fund for our elderly people who depend on social security, but we can't ignore the ever increasing tax burden on the wage earner and on the income producer in our society.

The future is clouded, but the answer would seem, perhaps, to lie in so conducting our collective affairs that an ever increasing inflation does not constantly rob our elderly citizens, and force correspondingly increased taxes upon our wage earning people.

Mr. WIGGINS. Mr. Chairman, I have serious misgivings concerning that portion of the pending legislation dealing with nursing home services. I would have preferred a different procedure than that under which we are now considering this bill, so that appropriate amendments would be in order. But the rule is closed, and we are confronted with an all or nothing alternative when the legislation considered as a whole plainly contains much good, as well as the questionable nursing home provision.

The Congress must address itself to the problem of skyrocketing medicare and medicaid costs. The Ways and Means Committee has found that one reason for this cost spiral is that elderly patients are routinely placed in expensive skilled nursing home facilities for unlimited periods. Under existing law, the Federal Government pays a share of the cost of this service. The committee has further found that many, but not all, elderly patients do not require the expensive care which must be available in a qualified nursing home. Obviously, it makes fiscal sense to transfer patients to less expensive intermediate care centers as soon as it becomes medically possible to do so. Finally, the committee has found that nearly all patients do not require the intensive and expensive care available to them in a skilled nursing home beyond 90 days.

The response to these findings by the committee is to provide financial incentives to States to remove patients to less expensive facilities as quickly as possible. The recommendations contained in the bill are as follows:

First. The Federal share of financial assistance to patients in skilled nursing homes is reduced by one-third after the first 90 days of a patient's confinement; and

Second. An increase by 25 percent in the Federal share of financial assistance to facilities providing an alternative to the intensive care available in skilled nursing homes.

Mr. Chairman, I am entirely in agreement with the determination by the committee that medicaid costs for nursing home care must be brought under control. The efforts on the part of the committee to encourage transfers to less expensive facilities merits my support. But the committee has devised a formula which is arbitrary and does not recognize that proper medical care is an individual, personal matter, and cannot be intelligently dispersed based on statistical averages.

Were the House operating under procedures permitting amendments to this bill, I would have preferred language requiring an individual reevaluation of patients so that the full Federal contribu-

tion would remain available to individuals truly in need of intensive skilled nursing home facilities beyond the arbitrary limit fixed in the bill. Since such amendments cannot be considered in the House, it is my hope that the Senate will give special consideration to this problem during its deliberations.

Mr. Chairman, much misinformation has been furnished to families with loved ones in skilled nursing home facilities. These institutions will not close. Patients will not be turned out into the streets to die, as some of my mail has suggested.

The first impact will not be felt until January 1, 1971. On that date, the State of California will receive one-third less Federal support for patients remaining longer than 90 days in skilled home facilities. Thereafter, the State may either increase its contributions by the amount of the Federal share lost—estimated at between $15 and $30 million annually—and continue services at the present level, or adopt procedures requiring that patients be provided less expensive intermediate care after 90 days. In the latter event the taxpayers will save substantial sums and the quality of health services need not suffer. A third alternative exists, but it is unthinkable.

It is possible that the State will do nothing and some individual centers, being unable to absorb the lost revenues, will curtail services. This third alternative is not good government nor good business and should not be advertised as the likely consequence of the adoption of this bill.

Mr. ADDABBO. Mr. Chairman, I rise in support of H.R. 17550, the Social Security Act Amendments of 1970. Last October, I introduced legislation designed to bring the Social Security Act up to date through comprehensive amendments providing a substantial increase in benefits for our senior citizens. While this bill does not go as far as I would have liked, it is another important step forward in meeting the realistic needs of our senior citizens.

Last year, the Congress approved a 15-percent general increase in social security benefits, effective January 1, 1970. This was an urgently needed measure in light of inflation and dramatic increases in the cost of living. Those persons living on fixed incomes have been hit hardest by the inflationary period in our economy and the 15-percent increase barely covered the increase in living costs.

INCREASED CASH BENEFITS

H.R. 17550 provides an additional 5-percent increase in benefits under social security effective January 1971—payable in February. This is in addition to the 15-percent increase enacted in December 1969. The amendment will mean additional payments of $1.7 billion to more than 26 million social security beneficiaries during the first year. My bill would have provided a more substantial increase—50 percent over a 2-year period—and I hope that Congress will continue to move toward a more realistic adjustment of cash benefits to meet the basic human needs of beneficiaries of this program.

RETIREMENT INCOME

The restriction on outside earnings under the Social Security Act has been an unreasonable barrier to part-time employment for many social security beneficiaries who would otherwise keep occupied and prefer to work. This bill increases the amount a beneficiary may earn and still receive full benefits from $1,680 to $2,000 and provides a reduction in benefits of $1 for every $2 earned above $2,000 but below $3,200 with a $1 reduction for every $1 earned above that amount. This change in the law will benefit some 1 million persons.

WIDOW'S BENEFITS

Another important amendment would entitle a widow, or dependent widower, to receive full benefits at age 65 or 82½ percent of full benefits if applied for at age 62 and a proportionate amount based on the age at which the widow or dependent widower applies for benefits, whether below age 62 or between the ages of 62 and 65. This change will benefit more than 3 million beneficiaries of the program.

AGE 62 COMPUTATION FOR MEN

This amendment provides that benefits for men shall be computed by taking average earnings up to age 62, as is presently the law with respect to benefits for women. This removes the discriminatory provision which based computation of benefits for men on earnings up to age 65.

DISABILITY BENEFITS

There are several major changes with respect to disability benefits. First the amendments would protect blind persons without the requirement that they meet the substantial recent covered work test. In addition, the bill would reduce social security disability benefits where workmen's compensation is paid only where the combined payments exceed 100 percent of average earnings before disability. The present law reduces payments where the amount exceeds 80 percent of average earnings.

Another amendment which I cosponsored provides childhood disability benefits where the disability occurs prior to age 22. This changes the present law which applies only to disabilities beginning prior to age 18. Approximately 13,000 persons will benefit immediately from this amendment.

WAGE BENEFITS FOR SERVICEMEN

Present law authorizes wage credits of up to $100 per month for servicemen based on the number of months in service after 1967. This credit is in addition to benefits computed on basic pay. The amendment would extend this wage credit to servicemen for each month of service between 1957 and 1967 and would increase benefits for approximately 130,000 beneficiaries.

MEDICARE AND MEDICAID AMENDMENTS

The legislation contains reasonable and necessary cost control provisions relating to the medicare and medicaid programs while expanding the benefits of these programs to those over the age of 65 but not previously covered. The ceilings on physician and hospital charges are based upon prevailing charges in each community and are simply designed to keep costs of the programs within normal bounds. These amendments will, if successful, enable us to expand the scope of health insurance to other parts of our society until such time as national health insurance for all Americans can be enacted.

Mr. Chairman, I would have preferred a broader bill, with higher cash benefits and with an automatic cost of living increase built into the system. I support H.R. 17550 without hesitation, however, because it is the second important step taken by the 91st Congress toward the goal of realistic benefits for our senior citizens. I urge my colleagues to join me in voting for this bill.

Mr. ROTH. Mr. Chairman, once again Congress has an opportunity to show its concern for the welfare of an important segment of our population—the aged, the widowed, and the orphaned by amending and improving the social security program. The bill before us—H.R. 17550—would make a number of important changes in the social security program. It would do away with a number of injustices which exist in the present program as well as update benefit amounts, the earnings test and the tax base. In addition, it seeks to improve the operation of the medicare program. I would like to congratulate the members of the Committee on Ways and Means who worked so long to bring out this important legislation.

This bill includes all the major legislation proposed by the President last fall except the provisions for automatic increases in benefits geared to rising prices and automatic increases in the tax base geared to rising wage levels. I feel that this is unfortunate, for social security benefits must constantly be kept abreast of the cost of living. The effectiveness of these benefits is greatly impaired when they do not become available to the people until 6 months or even a year after the serious need has arisen.

The 5-percent benefit increase which would be provided effective next January, is to me, an attempt to help assure that the rising cost of living does not erode the purchasing power of social security benefits. As a result of this increase the average benefit payable to retired people will rise from an estimated $118 next January to $138 and the average benefit to a retired couple will rise from $199 a month to $218. Altogether, some 25.6 million people will be paid increased benefits starting next January. An estimated $1.7 billion in additional benefits will be paid out in the first 12 months.

About the only way of keeping up with inflation and rising prices that is open to many older people is getting a job. However, the retirement test in the law restricts the amount that a person can earn and continue to receive all of his social security benefits. It is, therefore, quite appropriate that the legislation under consideration increase the amount that an individual can earn from $1,680 a year to $2,000 a year, with a 50-percent reduction in benefits between $2,000 to $3,000. As the result of this change, about $475 million in additional benefits will be paid to about a million people—about 100,000 of whom get no benefits under the present provision—for 1971.

For some time, it has been generally recognized that the benefits paid to widows are generally inadequate. This inadequacy results in large measure from the provision of present law which sets

the widow's benefit at 82.5 percent of the retirement benefit which would be paid to her husband at age 65. Wisely, the legislation we are considering provides that benefits payable to a widow who qualifies for benefits at age 65, will be the full amount of the husband's retirement benefit. However, if the widow begins to get her benefit earlier than age 65, it will be reduced just like the other benefits which are payable under present law before age 65. In most cases, the benefits payable will be more than can be paid under present law, but in no case will they be less. This, I think, is a long overdue change. It will result in about 3.3 million widows receiving an additional $700 million in benefits in 1971.

A significant feature of H.R. 17550 is that it makes technical changes in the law to eliminate present provisions which discriminate against some people. One of the more important of these changes deals with the way benefits based on men's earnings are computed. Under the present law, the benefit for a man is based on the number of years up to the time that he is 65 while the benefit for a woman is based on the number of years up to age 62. As a result a man can have a smaller benefit than a woman who is the same age and who had identical earnings. For example, the highest benefit payable under present law for a man who becomes entitled to benefits at age 65 this year is $189.90, while the maximum for a woman is $196.40. The bill would change this so that the benefit for a man would be the same as for a woman.

This change affects not only the retirement benefit paid to a man, but also the benefits paid to his wife while he is alive and to his widow after his death. As a result of the change, about $925 million in additional benefits would be paid out in the first 12 months the provision is in effect. About 10.2 million people who will be entitled to benefits in January 1971 will get higher benefits and about 60,000 people who do not qualify for benefits under present law will become entitled to benefits.

There are a number of other worthwhile changes in the bill which I will not go into at this time, except to say that they make needed minor or technical changes in the law which will result in fairer treatment and higher payments for a number of people. Altogether, the bill would provide more than 26 million people with about $3.6 billion in additional social security benefits next year.

To pay the cost of these benefits and help make the existing medicare program fiscally sound, the bill provides for increasing the social security tax base from $7,800 a year to $9,000 a year, and revises the schedule of social security taxes so that over the next few years a greater portion of the taxes collected will go into the medicare program. Eventually, however, the tax rates for the cash benefits part of the program, as well as for the medicare program, will be increased. As a result, it is hoped the entire social security program, both cash benefits and medicare will be soundly financed.

Mr. DONOHUE. Mr. Chairman, I most earnestly urge and hope that the House will approve overwhelmingly H.R. 17550, the Social Security Amendments of 1970.

Of all the provisions in this complex, far-reaching legislation, Mr. Chairman, by far the primary and most important one is the general 5-percent benefit increase which the bill calls for, effective in January 1971. Coupled with the 15-percent increase voted by Congress, effective in January 1970, this bill will provide, in effect, the 20-percent benefit increase which would have been provided in legislation I proposed some months ago. Infinitely more important than any personal gratification I might feel is the strong prospect that the full 20 percent will soon become a fact. For the 26 million Americans receiving these benefits, struggling to maintain the literal essentials of life, this adjustment is imperative.

It is an established, although unfortunate fact, that more than one of three Americans over the age of 65 is existing in a state of poverty. Social security's chief actuary estimates that one of every 10 social security recipients has an income low enough to qualify for additional welfare payments.

Current benefits dismally fail in most cases to allow even minimal subsistence standards for our older citizens. It is inconceivable to expect these tens of millions of Americans, all nearly totally dependent on social security payments, to exist on incomes at or near the poverty level. And despite all talk of a cooling economy and an imminent recession, Mr. Chairman, almost every independent economic analyst agrees that consumer prices will rise substantially again this year, probably by about 6 percent. So, clearly, this bill will do no more than permit these elderly persons to recover next year, most—but not all—of their income eroded away this year by inflation.

Also included in this measure, Mr. Chairman, are a great number of commendable provisions, over which the able ways and means committee no doubt labored for many difficult hours, and for which they are to be commended. Many of these changes, I am happy to say, are ones I have long advocated and supported, such as the increase to $2,000 in the amount of income a beneficiary may earn without a reduction in benefits, and permitting surviving spouses over 65 to receive benefits equal to 100 percent of primary insurance amounts.

A number of other sections of the bill are designed to, and in my judgment will, strengthen the social security system.

Many of these relate to the two major health programs in the Social Security Act, medicare and medicaid. While the need for these programs cannot be doubted, and their aims are indisputably desirable, evidence is mounting that there are serious deficiencies in their operation and administration which are in need of quick correction. Since the health field's problems are exceedingly complex, this bill proposes a great many relatively small modifications in present procedures. Although none of these individually can be described as sweeping, the changes recommended, taken as a whole, will hopefully allow significant advance toward making medicare and medicaid more economical and more effective in carrying out the goals of the programs.

Various other technical and miscellaneous amendments to the present law are aimed at streamlining the system's operation. As one who has called many times in the past for needed reforms in the social security machinery, I am pleased that many desirable changes are now within our grasp.

Of course, Mr. Chairman, we all realize that further improvements, both in benefit levels and in the system itself, are essential. For example, as costs for food, medical care and all the other basic life needs continue their upward spiral, I hope all Members of Congress will recognize the need for automatic cost-of-living changes in benefits. Many other improvements have been proposed by bills sponsored by me and other legislators.

But let us remember, Mr. Chairman, that we have a primary obligation to try to preserve a decent life standard for these senior Americans whose incomes, for the most part, depend on sympathetic congressional consideration. The measure we are considering proceeds along that path, and I urge its swift and unanimous approval.

Mr. SYMINGTON. Mr. Chairman, due to certain longstanding obligations, which require my presence in St. Louis County, I will not be on the House floor to register my support for the social security bill. If there was any question or doubt concerning the passage of this bill, then I would not allow myself to be absent from the debate on Thursday.

However, there can be no question or objection to the necessity of H.R. 17550, providing for amendments to the Social Security Act. Certainly increased inflation has reduced the real benefits of present social security payments. Therefore the 5-percent increase in payments to the 26.2 million beneficiaries is necessary to compensate for this decline. Increased benefits to widows and widowers are also proper and necessary in order that present legislation be more realistic and thereby effective.

Mr. MIZELL. Mr. Chairman, I rise in support of H.R. 17550, but also concur with the motion to recommit so that changes can be made to include an annual cost of living increase for our social security beneficiaries.

In the past the elderly and others who are confined to the fixed income of social security have suffered year after year from the general increases in the inflationary spiral. Consequently, they have found themselves barely able to maintain a meager income. There is no question that we want to see these people maintain a certain standard of living so that they can retain their pride, their dignity, and their independence in their retirement years.

Three-quarters of all of the social security beneficiaries are elderly. According to figures released by the Bureau of Labor Statistics last fall, it takes more than $4,000 a year for a retired couple to maintain a decent standard of living. In this time of fiscal despair, it is impossible for Congress to grant an overall increase to meet that desired level, but

to fail to include a cost of living increase clause in this bill, would be risking the chance that the 5-percent overall increase we are passing would be wiped out by inflation in less than a year's time.

Last year's social security bill was reported to the floor almost a year late and we cannot allow the welfare of our elderly citizens to depend on whether or not Congress is going to be expedient in the passage of their bills. The cost of living increase proposal was made last year by the President, but was denied by the Congress. The average annual social security benefit is below the poverty level, and the least we can do for our elder citizens is to assure them of a chance to cope with the yearly increase in the Consumer Price Index. I hope that the Congress will see the wisdom today of making this vital addition to this important legislation.

Mrs. GREEN of Oregon. Mr. Chairman, I do not lightly vote for the recommital of this bill. What impels me to do so is the fact that we are literally always "running to catch up" in the matter of assuring the adequacy of social security benefits paid to those obliged to live on fixed incomes in these times of fierce inflation. The need for some sort of automatic cost-of-living escalation basic to the social security structure seems to me, very evident when we consider the plight of the elderly retired.

It is barely 5 months since we voted increases of 15 percent and already we must acknowledge that another five is quite in order. Who can predict when amendments to the Social Security Act will come before us again—and what is to become of the situation regarding the elderly's attempts to "make do" until that time?

The failure to include an escalator clause is, therefore, a singularly serious omission and I must, however reluctantly, vote to recommit in the hope that the commitee will see fit to fill in the gap.

Mr. REID of New York. Mr. Chairman, I rise in strong support of H.R. 17550, the Social Security Amendments of 1970.

While I regret the decision of the Ways and Means Committee not to adopt the Administration's proposal to tie future social security benefit increases to rises in the cost-of-living index, I am heartened by the 5-percent increase in social security benefits, effective January 1, 1971, which is included in this bill.

We have all felt the pinch of inflation in the past few months, but the rising cost of living has been hardest on those living on fixed incomes such as that provided by social security. The legislation before us today would provide additional benefits for 26.2 million Americans who will be on the social security roles at the end of January 1971, when the first increased checks will be issued, and for all those who enter the program thereafter. For example, a retired worker who now receives $112 per month will have his benefit increased to $125; a retired couple who now receive $195 monthly will receive $218; an aged widow who now receives $101 will receive $123. Clearly, these increases are vital if our older Americans are to be able to survive in today's economy, and I urge that they be accepted by my colleagues.

In addition to increasing monthly payments by 5 percent, H.R. 17550 would increase from $1,680 to $2,000 the amount a social security beneficiary can earn in a year and still receive his full benefit. I have urged for years that this limitation on earnings by social security recipients be removed completely, and I will continue to work for that ultimate goal. However, if the earnings limitation is to be retained, I am glad to note that it is at least being increased. With this liberalization of the so-called retirement test, about 900,000 persons will receive additional benefits in 1971 and about 100,000 persons who would receive no benefits under present law will receive some benefits.

Under present law, a widow's or dependent widower's benefit applied for at age 62 or later is only 82½ percent of the primary insurance amount of the wage earner. Under the bill before us, a widow or widower would be entitled to a benefit equal to 100 percent of the primary insurance amount, if first applied for at age 65 or later. This measure will result in additional benefits for about 3.3 million widows and widowers when it goes into effect.

The fourth important provision of H.R. 17550 would apply the same methods of computing benefits for men as those now applied for women—only years up to age 62 will be required to be taken into account in computing average earnings, and benefit eligibility will be figured up to age 62 for both sexes. An estimated 10.2 million men will receive larger benefits under this provision, and approximately 60,000 persons not eligible for social security under present law would be added to the rolls under the change in eligibility requirements.

In my judgment, these increases in benefits and the broadening of eligibility, as well as the constructive changes in the medicare program contained in the bill, represent useful modifications in the social security program at a time of increasing difficulty for our older citizens. I am deeply concerned, however, over the portion of the bill which would reduce Federal medicaid funds and reduce Federal matching funds for nursing home care by one-third after 90 days of benefits in 1 year, and would propose an amendment to change that provision if it were possible.

In my judgment, however, the Congress has an obligation to assist America's senior citizens, many of whom have no source of income other than social security, in a time of rising prices and resulting increased pressure on the pocketbook. I, therefore, urge the House to pass H.R. 17550.

Mr. CHAPPELL. Mr. Chairman, the social security bill which passed contains provisions I have vigorously supported.

I long have fought for increased benefits. I supported the provision calling for a 5-percent increase, and last year I introduced a bill calling for the 15-percent increase. I long have supported increases in allowable earnings and have introduced a bill to increase those earnings to $2,400 a year.

But, during the last minutes of consideration of the social security bill, a provision was inserted which, to my view, threatens the very future of the social security program and which gives additional and, I believe, unconstitutional authority to a huge federal agency.

This provision gives the Secretary of HEW the power to increase taxes for social security without consulting with or notifying the Congress. One man—the Secretary of HEW—will have the absolute power to set tax rates for millions of American workers and employers.

The power to tax belongs to the Congress, not an agency. No one else should have this authority except the Congress and most especially the Secretary of HEW should not have it. We have seen the results of HEW decisions in school matters and in welfare matters and to now give the head of that, or any other agency the power to increase taxes without congressional action is dangerous.

Under this authority, social security taxes can become larger than the amount of income tax paid by many Americans.

I opposed this provision because of the danger of unchecked power I see in delegating taxing authority to a Federal agency, and I voted in opposition to the bill for this reason. I hope this most dangerous provision is deleted in a conference committee and that I can support the whole measure when it again comes to the House.

Mr. SHRIVER. Mr. Chairman, I take this opportunity to discuss certain provisions of H.R. 17550, the Social Security Amendments of 1970.

Since 1963, Congress has voted three increases in social security benefits. The most recent of these increases was effective April 1, 1970, when the monthly benefits were raised 15 percent across the board.

But inflation is the constant enemy of the aging. It plays havoc with their fixed incomes. That is why many of us in the House, including myself, have sponsored legislation time and time again to provide for automatic increases in social security benefits whenever the cost of living rises 3 percent or more.

I certainly concur with the motion to recommit which includes a provision for automatic increases in the benefits geared to rising prices and automatic increases in the tax base geared to rising wage levels. If we failed to include this cost-of-living clause in this bill, we would be risking the chance that the 5 percent overall increase we are passing would be wiped out by inflation in less than a year's time.

I support the committee's recommendations providing a general benefit increase of 5 percent effective with the benefits payable for January 1971.

This legislation also takes another important step in liberalizing the retirement test by permitting the beneficiary to earn $2,000 a year rather than $1,680 and receive full benefits.

Under this bill, some 3.3 million widows and widowers on the rolls at the end of January 1971 will receive higher benefits. For example, the benefit for a widow who becomes entitled to a widow's benefits at or after age 65 would be increased from 82½ percent to 100

percent of the amount her deceased husband would receive if his benefits started at or after age 65. This is in keeping with legislation which I have introduced in the past and this action is long overdue.

This is a broad piece of legislation we are considering. It contains many necessary and good provisions, but there are some which will have an adverse effect upon senior citizens.

The proposed cut in Federal matching funds to the States for skilled nursing home care and mental hospitals seems to be inadvisable. It will work a hardship on the elderly who are incapacitated and ill, as well as the institutions who are helping meet their needs.

Under the rule by which this legislation is being considered, we cannot offer amendments. This weakness in the bill should be corrected by the other body during its consideration.

On balance, however, H.R. 17550 is a needed measure and it has my support.

Mrs. DWYER. Mr. Chairman, this is a good bill, and I congratulate the committee for bringing it to the floor, but I believe it can be made substantially better by providing for automatic increases in social security benefits commensurate with increases in the cost of living.

Together with many of our colleagues, I have introduced legislation for some time to make benefit increases automatic when the cost-of-living index also increases, and I understand that a recommittal motion will be offered with instructions to add such language to the bill. I shall certainly vote for such a motion.

This is a reform of the social security system which has long been needed, but it becomes especially urgent in periods of inflation when living costs tend to outrun incomes. No group in our society suffers more from inflation than those who are forced to live on fixed, and often inadequate, incomes. For them, every price increase means a consequent reduction in their standard of living. This is especially true of the retired and the elderly for whom social security benefits often comprise all or a substantial part of their incomes. The longer the delay in adjusting social security benefits, the greater the hardship and the farther behind they fall in maintaining a decent living standard.

The automatic benefit increase will help correct this situation in several ways. It will reduce the timelag between price increase and the needed benefit gain. It will eliminate the often lengthy period of debate and consideration in enacting special legislation changing benefit levels. It will provide certainty to the often insecure. It will build into the social security system a new element of fairness and assure the retired, the disabled, and the dependent they will no longer have to bear so heavy a burden of inflation.

This cost-of-living provision, Mr. Chairman, will also help in other respects. It will insure that the earnings test—the amount which social security beneficiaries can earn without the loss of benefits—will also keep pace with increases in real earnings. And in order to assure the financial integrity of the system, it will automatically adjust the wage base of covered workers as their real wages increase, thereby maintaining the existing relationship between the wages of covered workers and the amount of their contributions to the trust fund.

In every respect, our proposal meets the test of equity and justice, and I hope our colleagues will give it the support it deserves. By supporting the recommital motion, of course—and this should be emphasized—Congress will not be foreclosing the right or the responsibility to make additional adjustments in benefit levels in the future. Depending on changes in living standards and economic conditions, we can and should be ready to do whatever is required to assure that senior citizens are fairly treated.

In many other areas, this legislation also makes valuable improvements in the social security and related medicare and medicaid programs. I should like to mention only a few which seem to me to be of special significance:

First, social security payments to the 26.2 million beneficiaries now on the rolls and those who enroll in the future will be increased by 5 percent beginning with payments for the month of January 1971. This is in addition to any future automatic increases.

Second, the earnings test will be liberalized—a reform I have long and strongly urged—by increasing from the present $1,680 to $2,000 a year the amount a person 65 or older can earn and still be eligible for full retirement benefits. The new amount is still inadequate, I believe, and continues to lag far behind the corresponding increases in prices and average earnings, but it does represent an important step forward.

Third, widows will be entitled to 100 percent of the primary benefits to which their husbands would have been entitled rather than the 82½ percent under present law, thus preventing what has often been a drastic reduction in the standard of living of widows following the death of their husbands. Where appropriate, widowers will also be entitled to the benefits of this needed change.

Fourth, women workers will no longer be penalized when they take a reduced annuity at age 62 based on their own work record, but will be entitled to the full wife's benefit when they reach 65. Under present law, wives who had worked for years sometimes received smaller benefits than wives who never worked at all.

This brief summary, Mr. Chairman, cannot, of course, do justice to the great importance of this comprehensive and complex social security bill. Overall, it provides many needed liberalizations of benefits and entitlements, many structural reforms which will improve the medicare, medicaid, and maternal and child health programs. It removes a number of inequities, and it encourages a number of experimental programs and pilot projects which will, in turn, lead to other resolutions of the difficult problems still inherent in this vast but vital program.

We have a long way to go, but this bill—as improved by the recommittal motion—will take us a good distance in the right direction.

Mr. MESKILL. Mr. Chairman, I congratulate the House on the action that it has taken in incorporating many long-needed improvements into our social security laws.

I have long felt that a provision should be made for social security benefits to keep in step with changes in the cost of living and I introduced legislation during the 90th Congress and again during the first session of this Congress making benefit increases automatic whenever the Consumer Price Index rose at least 3 percent during the preceding year. Compassion and commonsense dictate that we not leave adjustments in social security benefits to meet increased cost of living to the arbitrary whim or inclination of future Congresses.

Passage of this amendment, along with a 5-percent across-the-board increase, effective next January 1, will go a long way in easing the minds of those who approach their retirement years skeptical of how they will get along in the face of constantly rising costs.

Although I would prefer to see the earnings limitation upon the amount of outside income which an individual may earn while receiving social security benefits removed completely, the increase from $1,680 to a $2,000 limitation is a welcome step in the right direction.

Passage of H.R. 17550 also served the need of equalizing the treatment men and women receive under social security laws by eliminating benefit computation for women on the basis only of working years through age 62 and permitting them to take into account average earnings through age 65 in determining benefit eligibility.

The newly approved bill is also praiseworthy in its provision enabling widows to receive 100 percent of their husbands' benefits at age 62 instead of only 82½ percent.

In the midst of spiraling inflation, we cannot abandon those citizens who have contributed so much to our country during their working years. They deserve a decent and dignified standard of living, not the dim prospect of having to resort to welfare as many of them have had to in the past.

The House has recognized this fact and acted on it.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Chairman, in the interest of conserving time, because we do have another bill to consider this afternoon, I ask unanimous consent that all Members may have the privilege of inserting their remarks on the pending legislation at this point in the RECORD.

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

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Chairman, I have no further requests for time.

Mr. MILLS. Mr. Chairman, I had not intended to take any additional time, but I want to yield myself 5 minutes. I want to talk about what I understand is the motion to recommit which will be of-

fered by the gentleman from Wisconsin (Mr. BYRNES).

Mr. GROSS. Mr. Chairman, would the gentleman yield for one question?

Mr. MILLS. I shall be glad to yield to the gentleman from Iowa.

Mr. GROSS. Has the gentleman explained how many amendments there are to the bill?

Mr. MILLS. The committee amendments are technical amendments, except for one which will be explained. There are only three or four of those.

Mr. Chairman, it is my understanding that the gentleman said he would offer as a motion to recommit an amendment that was submitted by the gentleman in the committee providing for increases in benefits, and increases in the wages subject to tax to do two things: First of all, to keep the benefits abreast with increases in the cost of living and to keep the wage base up to date with earnings as they increase; is that correct?

Mr. BYRNES of Wisconsin. Yes; and also retirement—the escalation of the earnings figure and retirement.

Mr. MILLS. Mr. Chairman, this motion seems to have a great deal of attraction when one first thinks about it, as is the usual case I must say when matters are written into either major political party platform. I am sorry that the gentleman referred to the fact that this is in both platforms. I do not think the members of the platform committee gave it enough consideration.

What they are asking the Congress to do is to give up the last restraining, sole possession that it has of all the functions that were given to the Congress in the Constitution and that is, namely, determining what an individual's tax will be.

Do you know what is involved here? We have got to raise the benefits just because the cost of living goes up. Every time you raise benefits you have to raise something else to obtain money in sufficient amounts to pay such benefits. So, how do they propose to do it? By saying they are going to keep the amount of income subject to tax at all times equated with the rise in earnings and salaries and so on.

We are being asked to do something now that I refused to do for the late President Kennedy when he wanted us to give authority to him to raise taxes or lower taxes as he saw fit by not more than 10 percent. President Johnson asked for the same thing. However, I did not hear anyone on either side of the aisle in those days urging that we take the responsibility of controlling the purse strings out of the hands of the Congress and turn it over completely to any administration or agency of Government.

This is not a power to be conferred upon a President or a Cabinet officer. Moreover, this is a power being conferred forever and in perpetuity upon whomever the man may be that sits as head of the Department of Health, Education, and Welfare.

Mr. Chairman, this is a far-reaching proposition. However, if my information is correct on this point, if you vote for his motion to recommit, as of this time you are voting to fix the amount of income subject to tax not at $9,000 but in about 2 years at $10,200; in a few more years at a still higher figure. Predicated upon the best estimates that are available to me, this means that you are voting to raise the amount of earnings of every covered individual subject to tax to more than $22,000 by 1993.

Now, what is that tax going to be? Because you are going to use all of the base increase that is available in the future to try to keep the benefits geared to what? Just to whatever the cost of living may be. How will Congress ever have any way of increasing benefits that may have to be adjusted upward, regardless of increases in the cost of living, except to increase the tax? When you do this you are not only taking away from the Congress the determination of what the taxable base will be, you are leaving it to an appointed individual downtown, not an elected individual, to say in the future what the tax under social security will be for all of our citizens.

That is more than I have ever been willing to do. I can see good points on the side of my friend, the gentleman from Wisconsin, but I can see these other things, and I hope that my colleagues in the House will fully understand before they pass judgment that they are giving up control of the social security tax; they are giving up control of social security benefits, and Congress will be out of business unless they want to go along with the administration, whatever administration may be in office, and say we are not satisfied with just the increased cost of living for which we have already used all possible increase in the base within the tax, we are out of business because we just cannot raise the tax itself at the same time that they do it downtown.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLS. Mr. Chairman, I yield myself 2 additional minutes.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Of course I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Chairman, of course the gentleman from Arkansas is trying to scare us with what the wage level may be in 1980, but let me call attention to the fact that that is exactly what we have done, is keep the same relationship that this amendment provides between the wages covered, the percentage of wages covered to which the tax is applicable. And you could have scared somebody, I suppose, if you had told them in 1951 that in 1970 the base will be $9,000, but that is exactly what we are at today.

Mr. MILLS. I would not have voted for it in 1950, and in 1950 I would not have given the right to whomever Harry Truman appointed to head that department—if there had been one—to fix this at whatever figure he felt that it should be, and to keep the base set at whatever statistics somebody gave him.

Mr. Chairman, my friend, the gentleman from Wisconsin, and I agree on most things, but we are from the North Pole to the South Pole apart on this.

Mr. BYRNES of Wisconsin. Let us talk about discretion, where is the discretion really that anybody has?

Mr. MILLS. Why should not Congress do this, as it has in the past? In the past Congress has increased the benefits periodically, and the amount of increase in benefits is in excess of the increase in the cost of living for that comparable period of time.

Mr. Chairman, I have had a table prepared which compares what would have happened had the automatic provision been in effect since 1940, since 1950, and since 1954, with what Congress actually voted. I include the table at this point:

Comparison of benefit increases voted by Congress with administration cost-of-living proposal—Cumulative increase to January 1970

[In percent]

Base year 1940:	
Cost-of-living proposal	166.0
Increase voted by Congress	234.9
Base year 1950:	
Cost-of-living proposal	55.4
Increase voted by Congress	89.1
Base year 1954:	
Cost-of-living proposal	37.5
Increase voted by Congress	48.8

I just want to ask the gentleman a political question. This is what it boils down to: Is the Congress going to get any credit for the future adjustments of benefits, or are we going to do what the gentleman from Wisconsin (Mr. BYRNES) suggests: let the Secretary of Health, Education, and Welfare get all of that credit and be accused in the forthcoming election with having voted in 1970 to fix the amount of income subject to tax at better than $22,000.

Now, maybe we will do it in 1993, but let us wait to see if that is what we need to do.

So, Mr. Chairman, I hope the motion to recommit will be defeated.

The CHAIRMAN. Does the gentleman from Wisconsin have further requests for time?

Mr. BYRNES of Wisconsin. No, Mr. Chairman; as much as I would like to add some rebuttal, I did agree with the gentleman from Arkansas that he would have the last opportunity to speak.

Mr. MILLS. Mr. Chairman, we yield back the remainder of our time.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield back the balance of my time.

Mr. MILLS. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment.

No amendments are in order except amendments to be offered by direction of the Committee on Ways and Means.

Are there any committee amendments?

COMMITTEE AMENDMENTS

Mr. MILLS. Yes, Mr. Chairman, I have three committee amendments which are entirely technical, and two other committee amendments.

(The bill reads in part as follows:)

(Page 84, line 5:)

(1) With respect to the following services furnished under the State plan after January 1, 1971, the Federal medical assistance

percentage shall be increased by 25 per centum thereof, except that the Federal medical assistance percentage as so increased may not exceed 95 per centum:

(A) outpatient hospital services and clinic services (other than physical therapy services); and

(B) home health care services (other than physical therapy services); and

(2) with respect to the following services furnished under the State plan after January 1, 1971, the Federal medical assistance percentage shall be decreased as follows:

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

The Clerk read as follows:

Amendment offered by Mr. MILLS: Page 84, lines 6 and 17, strike out "January 1, 1971" and insert "December 31, 1970".

The amendment was agreed to.

(The bill reads in part as follows:)

(Page 84, line 20:)

(A) after an individual has received inpatient hospital services (including services furnished in an institution for tuberculosis) on sixty days (whether or not such days are consecutive) during any fiscal year (which for purposes of this section means the four calendar quarters ending with June 30), the Federal medical assistance percentage with respect to any such services furnished thereafter to such individual in the same fiscal year shall be decreased by 33⅓ per centum thereof;

(B) after an individual has received care as an inpatient in a skilled nursing home on ninety days (whether or not such days are consecutive) during any fiscal year, the Federal medical assistance percentage with respect to any such care furnished thereafter to such individual in the same fiscal year shall be decreased by 33⅓ per centum thereof; and

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

The Clerk read as follows:

Amendment offered by Mr. MILLS: Page 84, line 23, and page 85, lines 3, 8, and 10, strike out "fiscal" and insert "calendar".

The amendment was agreed to.

(The bill reads in part as follows:)

(Page 87, line 12:)

(2) Section 1121(e) of such Act is amended by adding at the end thereof the following new sentence: "Effective July 1, 1970, the term 'intermediate care facility' shall not include any public institution (or distinct part thereof) for mental diseases or mental defects."

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

The Clerk read as follows:

Amendment offered by Mr. MILLS: Page 87, line 14, strike out "July 1, 1970" and insert "January 1, 1971".

The amendment was agreed to.

(The bill reads in part as follows:)

(Page 87, line 17:)

PAYMENT FOR SERVICES OF TEACHING PHYSICIANS UNDER MEDICARE PROGRAM

SEC. 226. (a)(1) Section 1833(a)(1) of the Social Security Act is amended by striking out "and" before "(B)", and by inserting before the semicolon at the end thereof the following: ", and (C) with respect to expenses incurred for services which are furnished to a patient of a hospital by a physician and for which payment may be made under this part, the amounts paid shall be equal to 100 percent of the reasonable cost, to the hospital or other medical service organization incurring such cost, of such services if (i)(I) such services are furnished under circumstances comparable to the circumstances under which similar services are furnished to all persons, or all members of a class of persons, who are patients in such hospital and who are not covered by the insurance program established by this part (and not covered under a State plan approved under title XIX), and (II) none of such persons, or members of such class of persons, are required to pay the reasonable charges for such similar services even when they have private insurance covering such similar services (or are otherwise able to pay reasonable charges for all such similar services as determined in accordance with regulations), or (ii)(I) none of the patients in such hospital who are covered by such program are required to pay any charges for services furnished by physicians, or (II) they are required to pay reasonable charges for such services but payment of the deductible and coinsurance applicable to such services is not generally obtained from them or on their behalf in addition to the portion of such charges payable as insurance benefits under this part".

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

The Clerk read as follows:

Amendment offered by Mr. MILLS: Page 88, strike out "or (II)" in line 17 and all that follows down through the end of line 21 and insert in lieu thereof the following: "or (II) such patients are required to pay reasonable charges for such services but payment of the deductible and coinsurance applicable to such services is not obtained from or on behalf of some or all of them, in addition to the portion of such charges payable as insurance benefits under this part, even though they have private insurance covering such services (or are otherwise able to pay reasonable charges for all such services as determined in according with regulations)".

Mr. MILLS. Mr. Chairman, this is an amendment which while it is of substance is really a rewriting of the language in the bill so as to carry out the initial intent of the bill, so I would call it a technical amendment.

Mr. Chairman, this more nearly carries out the intention of the committee in this area than does the language in the bill, which we first thought carried out our intention.

The amendment was agreed to.

(The bill reads in part as follows:)

(Page 45, line 14:)

(b) In any case in which the provisions of section 1002(b)(2) of the Social Security Amendments of 1969 apply, the total of monthly benefits as determined under section 203(a) of the Social Security Act shall, for months after 1970, be increased to the amount that would be required in order to assure that the total of such monthly benefits (after the application of section 202(q) of such Act) will not be less than the total of monthly benefits that was applicable (after the application of such sections 203(a) and 202(q)) for the first month for which the provisions of such section 1002(b)(2) applied.

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

The Clerk read as follows:

Amendment offered by Mr. MILLS: Page 45, after line 24, insert the following new section:

"CERTAIN ADOPTIONS BY DISABILITY AND OLD-AGE INSURANCE BENEFICIARIES

"SEC. 120. (a) Clause (i) of section 202(d)(8)(E) of the Social Security Act is amended—

"(1) by inserting '(I)' after '(i)',

"(2) by adding 'or' after 'child-placement agency,', and

"(3) by adding at the end thereof (after and below clause (i)(I) as designated by paragraph (1) of this subsection) the following:

"'(II) in an adoption which took place after an investigation of the circumstance surrounding the adoption by a court of competent jurisdiction within the United States, or by a person appointed by such a court, if the child was related (by blood, adoption, or steprelationship) to such individual or to such individual's wife or husband as a descendant or as a brother or sister or a descendant of a brother or sister, such individual had furnished one-half of the child's support for at least five years immediately before such individual became entitled to such disability insurance benefits, the child had been living with such individual for at least five years before such individual became entitled to such disability insurance benefits, and the continuous period during which the child was living with such individual began before the child attained age 18,'.

"(b) The amendments made by subsection (a) shall apply with respect to monthly benefits payable under title II of the Social Security Act for months after December 1967 on the basis of an application filed in or after the month in which this Act is enacted; except that such amendments shall not apply with respect to benefits for any month before the month in which this Act is enacted unless such application is filed before the close of the twelfth month after the month in which this Act is enacted."

Redesignate the succeeding sections of the bill accordingly.

And conform the table of contents.

Mr. MILLS. Mr. Chairman, this amendment would have been in the bill except for a misunderstanding on our part of the position of the Department of Health, Education, and Welfare with respect to it and of our own staff.

We had told them only to bring to us those amendments which they were both in agreement on at that particular time. This was not brought in because of a misunderstanding of the position.

It amends that part of the social security laws which says that if a person is adopting a minor, then under certain circumstances if the minor is to receive a social security benefit, the adoption must have taken place under the supervision of a public or private child placement agency.

Now that is existing law that I have just described.

This requirement has worked a hardship in some cases, particularly in certain States, one of which is the State of Texas, where a child placement agency is not normally utilized in certain adoption proceedings.

The proceeding goes forward under an officer of the court, someone appointed by the judge.

This provision would provide with respect to a child adopted by a disability insurance beneficiary, where the requirement that the adoption be supervised by a child placement agency is not met, that benefits would be payable for such child if he was related to the worker or the worker's spouse by blood, step relationship, or adoption and was living with and receiving one-half of his support from the worker for at least 5 years prior to the time the worker became entitled to disability benefits.

Does the gentleman from Wisconsin

(Mr. BYRNES), desire to make a statement on the amendment?

Mr. BYRNES of Wisconsin. I agree with what the chairman has said. The only thing I was going to suggest is that maybe some of the gentlemen from Texas who have a particular problem that they would like to meet here may be a little more charitable toward the action of the committee on some other matters.

Mr. MILLS. We would hope so.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arkansas (Mr. MILLS).

The amendment was agreed to.

The CHAIRMAN. Are there any further committee amendments?

Mr. MILLS. No, Mr. Chairman.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ALBERT), having assumed the chair, Mr. DINGELL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 17550) to amend the Social Security Act to provide increases in benefits, to improve computation methods, and to raise the earnings base under the old-age, survivors, and disability insurance system, to make improvements in the medicare, medicaid, and maternal and child health programs with emphasis upon improvements in the operating effectiveness of such programs, and for other purposes, pursuant to House Resolution 1022, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. BETTS

Mr. BETTS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. BETTS. I am in its present form, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BETTS moves to recommit the bill H.R. 17550 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments: Page 10, after line 19, insert the following new section:

AUTOMATIC ADJUSTMENT OF BENEFITS

SEC. 103. (a) Section 215 of the Social Security Act is amended by adding at the end thereof the following new subsection:

COST-OF-LIVING INCREASES IN BENEFITS

(i)(1) For purposes of this subsection—

(A) the term "base quarter" means the period of 3 consecutive calendar months ending on September 30, 1971, and the period of 3 consecutive calendar months ending on September 30 of each year thereafter.

(B) the term "cost-of-living computation quarter" means any base quarter in which the monthly average of the Consumer Price Index prepared by the Department of Labor exceeds, by not less than 3 per centum, the monthly average of such Index in the later of (i) the 3 calendar-month period ending on September 30, 1971, or (ii) the base quarter which was most recently a cost-of-living computation quarter.

(2)(A) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall, effective for January of the next calendar year, increase the benefit amount of each individual who for such month is entitled to benefits under section 227 or 228, and the primary insurance amount of each other individual as specified in subparagraph (B) of this paragraph, by an amount derived by multiplying such amount (including each such individual's primary insurance amount or benefit amount under section 227 or 228 as previously increased under this subparagraph) by the same percentage (rounded to the next higher one-tenth of 1 percent if such percentage is an odd multiple of .05 of 1 percent and to the nearest one-tenth of 1 percent in any other case) as the percentage by which the monthly average of the Consumer Price Index for such cost-of-living computation quarter exceeds the monthly average of such Index for the base quarter determined after the application of clauses (i) and (ii) of paragraph (1)(B).

(B) The increase provided by subparagraph (A) with respect to a particular cost-of-living computation quarter shall apply in the case of monthly benefits under this title for months after December of the calendar year in which occurred such cost-of-living computation quarter, based on the wages and self-employment income of an individual who became entitled to monthly benefits under section 202, 223, 227, or 228 (without regard to section 202(j)(1) or section 223(b)), or who died, in or before December of such calendar year.

(C) If the Secretary determines that a base quarter in a calendar year is also a cost-of-living computation quarter, he shall publish in the Federal Register on or before December 1 of such calendar year a determination that a benefit increase is resultantly required and the percentage thereof. He shall also publish in the Federal Register at that time (along with the increased benefit amounts which shall be deemed to be the amounts appearing in sections 227 and 228) a revision of the table of benefits contained in subsection (a) of this section (as it may have been revised previously pursuant to this paragraph); and such revised table shall be deemed to be the table appearing in such subsection (a). Such revision shall be determined as follows:

(i) The headings of the table shall be the same as the headings in the table immediately prior to its revision, except that the parenthetical phrase at the beginning of column II shall show the effective date of the primary insurance amounts set forth in column IV of the table immediately prior to its revision.

(ii) The amounts on each line of column I, and the amounts on each line of column III except as otherwise provided by clause (v) of this subparagraph, shall be the same as the amounts appearing in such column in the table immediately prior to its revision.

(iii) The amount on each line of column II shall be changed to the amount shown on the corresponding line of column IV of the table immediately prior to its revision.

(iv) The amount of each line of column IV shall be increased from the amount shown in the table immediately prior to its revision by increasing such amount by the percentage specified in subparagraph (A) of paragraph (2), raising each such increased amount, if not a multiple of $0.10, to the next higher multiple of $0.10.

"(v) If the contribution and benefit base (as defined in section 230(b)) for the calendar year in which the table of benefits is revised is lower than such base for the following calendar year, columns III, IV, and V shall be extended. The amount in the first additional line in column IV shall be the amount in the last line of such column as determined under clause (iv), plus $1.00, rounding such increased amount (if not a multiple of $1.00) to the next higher multiple of $1.00 where such increased amount is an odd multiple of $0.50 and to the nearest multiple of $1.00 in any other case. The amount on each succeeding line of column IV shall be the amount on the proceding line increased by $1.00, until the amount on the last line of such column is equal to the larger of (I) one-thirtysixth of the contribution and benefit base for the calendar year following the calendar year in which the table of benefits is revised or (II) the last line of such column as determined under clause (iv) plus 20 percent of one-twelfth of the excess of the contribution and benefit base for the calendar year following the calendar year in which the table of benefits is revised over such base for the calendar year in which the table of benefits is revised, rounding such amount (if not a multiple of $1.00) to the next higher multiple of $1.00 where such amount is an odd multiple of $0.50 and to the nearest multiple of $1.00 in any other case. The amount in each additional line of column III shall be determined so that the second figure in the last line of column III is one-twelfth of the contribution and benefits base for the calendar year following the calendar year in which the table of benefits is revised, and the remaining figures in column III shall be determined in consistent mathematical intervals from column IV. The second figure in the last line of column III before the extension of the column shall be increased to a figure mathematically consistent with the figures determined in accordance with the preceding sentence. The amount on each line of column V shall be increased, to the extent necessary, so that each such amount is equal to 40 percent of the second figure in the same line of column III, plus 40 percent of the smaller of (I) such second figure or (II) the larger of $450 or 50 per centum of the largest figure in column III.

(vi) The amount on each line of column V shall be increased, if necessary, so that such amount is at least equal to one and one-half times the amount shown on the corresponding line in column IV. Any such increased amount that is not a multiple of $0.10 shall be increased to the next higher multiple of $0.10.

(b) Section 203(a) of such Act (as amended by section 101(b) of this Act) is amended—

(1) by striking out the period at the end of a paragraph (3) and inserting in lieu thereof ", or", and inserting after paragraph (3) the following new paragraph:

(4) when two or more persons are entitled (without the application of section 202(j)(1) and section 223(b)) to monthly benefits under section 202 or 223 for December of the calendar year in which occurs a cost-of-living computation quarter (as defined in section 215(i)(1)) on the basis of the wages and self-employment income of such insured individual, such total of benefits for the month immediately following shall be reduced to not less than the amount equal to the sum of the amounts derived by increasing the benefit amount determined under this title (including this subsection, but without the application of section 222(b), section 202(q), and subsections (b), (c), and (d) of this section) as in effect for such December for each such person by the same percentage as the percentage by which such individual's primary insurance amount (including such amount as previously increased) is increased under section 215(i)(2)

for such month immediately following, and raising each such increased amount (if not a multiple of $0.10) to the next higher multiple of $0.10,"; and

(2) by striking out "the table in section 215(a)" in the matter preceding paragraph (1) and inserting in lieu thereof "the table in (or deemed to be in) section 215(a)".

(c)(1) Section 215(a) of such Act is amended by striking out the matter which precedes the table and inserting in lieu thereof the following:

(a) The primary insurance amount of an insured individual shall be the amount in column IV of the following table, or, if larger, the amount in column IV of the latest table deemed to be such table under subsection (i)(2)(C) or section 230(c), determined as follows:

(1) Subject to the conditions specified in subsections (b), (c), and (d) of this section and except as provided in paragraph (2) of this subsection, such primary insurance amount shall be whichever of the following amounts is the largest:

(i) The amount in column IV on the line on which in column III of such table appears his average monthly wage (as determined under subsection (b));

(ii) The amount in column IV on the line on which in column II of such table appears his primary insurance amount (as determined under subsection (c)); or

(iii) The amount in column IV on the line on which in column I of such table appears his primary insurance benefit (as determined under subsection (d)).

(2) In the case of an individual who was entitled to a disability insurance benefit for the month before the month in which he died, became entitled to old-age insurance benefits, or attained age 65, such primary insurance amount shall be the amount in column IV which is equal to the primary insurance amount upon which such disability insurance benefit is based, except that, if such individual was entitled to a disability insurance benefit under section 223 for the month before the effective month of a new table (other than a table provided by section 230) and in the following month became entitled to an old-age insurance benefit, or he died in such following month, then his primary insurance amount for such following month shall be the amount in column IV of the new table on the line on which in column II of such table appears his primary insurance amount for the month before the effective month of the table (as determined under subsection (c)) instead of the amount in column IV equal to the primary insurance amount on which his disability insurance benefit is based.

(2) Effective January 1, 1973, section 215(b)(4) of such Act (as amended by section 101(c) of this Act) is amended to read as follows:

(4) The provisions of this subsection shall be applicable only in the case of an individual—

(A) who becomes entitled in or after the effective month of a new table that appears in (or is deemed by subsection (i)(2)(C) or section 230(c) to appear in) subsection (a) to benefits under section 202(a) or section 223; or

(B) who dies in or after such effective month without being entitled to benefits under section 202(a) or section 223; or

(C) whose primary insurance amount is required to be recomputed under subsection (f)(2).

(3) Effective January 1, 1973, section 215(c) of such Act (as amended by section 101(d) of this Act) is amended to read as follows:

Primary Insurance Amount Under Prior Provisions

(c)(1) For the purposes of column II of the table that appears in (or is deemed to appear in) subsection (a) of this section, an individual's primary insurance amount shall be computed on the basis of the law in effect prior to the effective month of the latest such table.

(2) The provisions of this subsection shall be applicable only in the case of an individual who became entitled to benefits under section 202(a) or section 223, or who died, before such effective month.

(d) Sections 227 and 228 of such Act (as amended by section 102 of this Act) are amended by striking out "$48.30" wherever it appears and inserting in lieu thereof "the larger of $48.30 or the amount most recently established in lieu thereof under section 215(i)", and by striking out "$24.20" wherever it appears and inserting in lieu thereof "the larger of $24.20 or the amount most recently established in lieu thereof under section 215(i)".

Page 29, strike out lines 10 through 20 and insert in lieu thereof the following:

LIBERALIZATION OF EARNINGS TEST

SEC. 107. (a)(1) Paragraphs (1) and (4)(B) of section 203(f) of the Social Security Act are each amended by striking out "$140" and inserting in lieu thereof "$166.66⅔ or the exempt amount as determined under paragraph (8)".

(2) Paragraph (1)(A) of section 203(h) of such Act is amended by striking out "$140" and inserting in lieu thereof "$166.66⅔ or the exempt amount as determined under paragraph (8)".

(3) Paragraph (3) of section 203(f) of such Act is amended to read as follows:

(3) For purposes of paragraph (1) and subsection (h), an individual's excess earnings for a taxable year shall be 50 per centum of his earnings for such year in excess of the product of $166.66⅔ or the exempt amount as determined under paragraph (8) multiplied by the number of months in such year. The excess earnings as derived under the preceding sentence, if not a multiple of $1, shall be reduced to the next lower multiple of $1."

(b) Section 203(f) of such Act is further amended by adding at the end thereof the following new paragraph:

(8) (A) On or before November 1 of 1972 and of each even-numbered year thereafter, the Secretary shall determine and publish in the Federal Register the exempt amount as defined in subparagraph (B) for each month in any individual's first two taxable years which end with the close of or after the calendar year following the year in which such determination is made.

(B) The exempt amount for each month of a particular taxable year shall be whichever of the following is the larger:

(i) the product of $166.66⅔ and the ratio of (I) the average taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year in which a determination under subparagraph (A) is made for each such month of such particular taxable year to (II) the average of the taxable wages of all persons for whom wages were reported to the Secretary for the first calendar quarter of 1971, with such product, if not a multiple of $10, being rounded to the next higher multiple of $10 where such product is an odd multiple of $5 and to the nearest multiple of $10 in any other case, or

(ii) the exempt amount for each month in the taxable year preceding such particular taxable year;

except that the provisions in clause (i) shall not apply with respect to any taxable year unless the contribution and earnings base for such year is determined under section 230(b)(1).

(c) The amendments made by this section shall apply with respect to taxable years ending after December 1970.

Page 46, strike out line 1 and all that follows down through page 49, line 17, and insert in lieu thereof the following:

INCREASE OF EARNINGS COUNTED FOR BENEFIT AND TAX PURPOSES

SEC. 121. (a)(1)(A) Section 209(a)(5) of the Social Security Act is amended by inserting "and prior to 1971" after "1967".

(B) Section 209(a) of such Act is further amended by adding at the end thereof the following new paragraphs:

(6) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to $9,000 with respect to employment has been paid to an individual during any calendar year after 1970 and prior to 1973, is paid to such individual during any such calendar year;

(7) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to the contribution and benefit base (determined under section 230) with respect to employment has been paid to an individual during any calendar year after 1972 with respect to which such contribution and benefit base is effective, is paid to such individual during such calendar year;.

(2)(A) Section 211(b)(E) of such Act is amended by inserting "and beginning prior to 1971" after "1967", and by striking out "; or" and inserting in lieu thereof "; and".

(B) Section 211(b)(1) of such Act is further amended by adding at the end thereof the following new subparagraphs:

(F) For any taxable year beginning after 1970 and prior to 1973, (i) $9,000, minus (ii) the amount of the wages paid to such individual during the taxable year; and

(G) For any taxable year beginning in any calendar year after 1972, (i) an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or

(3)(A) Section 213(a)(2)(ii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and before 1971, or $9,000 in the case of a calendar year after 1970 and before 1973, or an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1972 with respect to which such contribution and benefit base is effective."

(B) Section 213(a)(2)(iii) of such Act is amended by striking out "after 1967" and inserting in lieu thereof "after 1967 and beginning before 1971, or $9,000 in the case of a taxable year beginning after 1970 and before 1973, or in the case of any taxable year beginning in any calendar year after 1972, an amount equal to the contribution and benefit base (as determined under section 230) which is effective for such calendar year."

(4) Section 215(e)(1) of such Act is amended by striking out "and the excess over $7,800 in the case of any calendar year after 1967" and inserting in lieu thereof "the excess over $7,800 in the case of any calendar year after 1967 and before 1971, the excess over $9,000 in the case of any calendar year after 1970 and before 1973, and the excess over an amount equal to the contribution and benefit base (as determined under section 230) in the case of any calendar year after 1972 with respect to which such contribution and benefit base is effective."

(b)(1)(A) Section 1402(b)(1)(E) of the Internal Revenue Code of 1954 (relating to definition of self-employment income) is amended by inserting "and beginning before 1971" after "1967", and by striking out "; or" and inserting in lieu thereof "; and".

(B) Section 1402(b)(1) of such Code is further amended by adding at the end thereof the following new subparagraphs:

(F) for any taxable year beginning after 1970 and before 1973, (i) $9,000, minus (ii)

the amount of the wages paid to such individual during the taxable year; and

(G) for any taxable year beginning in any calendar year after 1972, (i) an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective for such calendar year, minus (ii) the amount of the wages paid to such individual during such taxable year; or.

(2)(A) Section 3121(a)(1) of such Code (relating to definition of wages) is amended by striking out "$7,800" each place it appears and inserting in lieu thereof "$9,000".

(B) Effective with respect to remuneration paid after 1972, section 3121(a)(1) of such Code is amended (1) by striking out "$9,000" each place it appears and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)", and (2) by striking out "by an employer during any calendar year", and inserting in lieu thereof "by an employer during the calendar year with respect to which such contribution and benefit base is effective".

(3)(A) The second sentence of section 3122 of such Code (relating to Federal service) is amended by striking out "$7,800" and inserting in lieu thereof "$9,000".

(B) Effective with respect to remuneration paid after 1972, the second sentence of section 3122 of such Code is amended by striking out "$9,000" and inserting in lieu thereof "the contribution and benefit base".

(4)(A) Section 3125 of such Code (relating to returns in the case of governmental employees in Guam, American Samoa, and the District of Columbia) is amended by striking out "$7,800" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "$9,000".

(B) Effective with respect to remuneration paid after 1972, section 3125 of such Code is amended by striking out "$9,000" where it appears in subsections (a), (b), and (c) and inserting in lieu thereof "the contribution and benefit base".

(5) Section 6413(c)(1) of such Code (relating to special refunds of employment taxes) is amended—

(A) by inserting "and prior to the calendar year 1971" after "after the calendar year 1967";

(B) by inserting after "exceed $7,800" the following: "or (E) during any calendar year after the calendar year 1970 and prior to the calendar year 1973, the wages received by him during such year exceed $9,000, or (F) during any calendar year after 1972, the wages received by him during such year exceed the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year,"; and

(C) by inserting before the period at the end thereof the following: "and before 1971, or which exceeds the tax with respect to the first $9,000 of such wages received in such calendar year after 1970 and before 1973, or which exceeds the tax with respect to an amount of such wages received in such calendar year after 1972 equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) which is effective with respect to such year".

(6) Section 6413(c)(2)(A) of such Code (relating to refunds of employment taxes in the case of Federal employees) is amended by striking out "or $7,800 for any calendar year after 1967" and inserting in lieu thereof "$7,800 for the calendar year 1968, 1969, or 1970, or $9,000 for the calendar year 1971 or 1972, or an amount equal to the contribution and benefit base (as determined under section 230 of the Social Security Act) for any calendar year after 1972 with respect to which such contribution and benefit base is effective".

(7)(A) Section 6654(d)(2)(B)(ii) of such Code (relating to failure by individual to pay estimated income tax) is amended by striking out "$6,600" and inserting in lieu thereof "$9,000".

(B) Effective with respect to taxable years beginning after 1972, section 6654(d)(2)(B)(ii) of such Code is amended by striking out "$9,000" and inserting in lieu thereof "the contribution and benefit base (as determined under section 230 of the Social Security Act)".

(c) The amendments made by subsections (a)(1) and (a)(3)(A), and the amendments made by subsection (b) (except paragraphs (1) and (7) thereof), shall apply only with respect to remuneration paid after December 1970. The amendments made by subsections (a)(2), (a)(3)(B), (b)(1), and (b)(7) shall apply only with respect to taxable years beginning after 1970. The amendment made by subsection (a)(4) shall apply only with respect to calendar years after 1970.

AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

SEC. 122. (a) Title II of the Social Security Act is amended by adding at the end thereof the following new section:

AUTOMATIC ADJUSTMENT OF THE CONTRIBUTION AND BENEFIT BASE

SEC. 230. (a) On or before November 1 of 1972 and each even-numbered year thereafter, the Secretary shall determine and publish in the Federal Register the contribution and benefit base (as defined in subsection (b)) for the first two calendar years following the year in which the determination is made.

(b) The contribution and benefit base for a particular calendar year shall be whichever of the following is the larger:

(1) The product of $9,000 and the ratio of (A) the average taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of the calendar year in which a determination under subsection (a) is made for such particular calendar year to (B) the average of the taxable wages of all persons for whom taxable wages were reported to the Secretary for the first calendar quarter of 1971, with such product, if not a multiple of $600, being rounded to the next higher multiple of $600 where such product is a multiple of $300 but not of $600 and to the nearest multiple of $600 in any other case; or

(2) The contribution and benefit base for the calendar year preceding such particular calendar year.

(c)(1) When the Secretary determines and publishes in the Federal Register a contribution and benefit base (as required by subsection (a)), and

(A) such base is larger than the contribution and benefit base in effect for the year in which the larger base is so published, and

(B) a revised table of benefits is not required to be published in the Federal Register under the provisions of section 215(i)(2)(C) which extends such table for such larger base on or before the effective date of such base,

then the Secretary shall publish a revised table of benefits (determined under the provisions of paragraph (2)) in the Federal Register on or before December 1 of the year prior to the effective year of the new contribution and benefit base. Such table shall be deemed to be the table appearing in section 215(a).

(2) The revision of such table shall be determined as follows:

(A) All of the amounts on each line of columns I, II, III, and IV, except the largest amount in column III, of the table in effect before the revision, shall be the same in the revised table; and

(B) The additional amounts for the extension of columns III and IV, and the amounts for purposes of column V, shall be determined in accordance with the provisions of section 215(i)(2)(C)(v) and (vi).

(3) When a revised table of benefits, prepared under the provisions of paragraph (2), becomes effective, the provisions of section 215(b)(4) and (c) and of section 203(a)(4) shall be disregarded; and the amounts that are added to columns III and IV, or are changed in or added to column V, by such revised table, shall be applicable only in the case of an insured individual—

(A) who becomes entitled, after December of the year immediately preceding the effective year of the increased contribution and benefit base (provided by this section), to benefits under section 202(a) or section 223;

(B) who dies after December of such preceding year without being entitled to benefits under section 202(a) or section 223; or

(C) whose primary insurance amount is required to be recomputed under section 215(f)(2).

(b)(1) Section 201(c) of the Social Security Act is amended by inserting before the last sentence the following new sentence: "The report shall further include a recommendation as to the appropriateness of the tax rates in sections 1401(a), 3101(a), and 3111(a) of the Internal Revenue Code of 1954 which will be in effect for the following calendar year, made in the light of the need for the estimated income in relationship to the estimated outgo of the Trust Funds during such year."

(2) Section 1817(b) of such Act is amended by inserting before the last sentence the following new sentence: "The report shall further include a recommendation as to the appropriateness of the tax rates in sections 1401(b), 3101(b), and 3111(b) of the Internal Revenue Code of 1954 which will be in effect for the following calendar year made in the light of the need for the estimated income in relationship to the estimated outgo of the Trust Fund during such year."

Renumber sections 103 through 105 of the reported bill as sections 104 through 106, respectively.

Renumber sections 107 through 119 of the reported bill as sections 108 through 120, respectively.

Renumber section 121 of the reported bill as section 123.

Strike out "103" and insert "104" on page 30, lines 13 and 23, and on page 31, line 1, of the reported bill.

Strike out "section 101(b)" and insert "sections 101(b) and 103(b)" on page 44, line 5, of the reported bill.

Strike out lines 6 through 10 on page 44 of the reported bill and insert the following:

amended by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or", and by inserting after paragraph (4) the following new paragraph:

(5) notwithstanding any other provision of law,

And conform the table of contents.

Mr. MILLS (during the reading). Mr. Speaker, I ask unanimous consent to dispense with further reading of the motion to recommit and that it be printed in the RECORD. It has been discussed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. GERALD R. FORD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 233, nays 144, not voting 52, as follows:

[Roll No. 135]

YEAS—233

Adair	Frey	O'Hara
Adams	Fulton, Pa.	O'Konski
Addabbo	Galifianakis	Olsen
Anderson, Calif	Gallagher	O'Neill, Mass.
	Gaydos	Patten
Anderson, Ill.	Gilbert	Pelly
Andrews, N. Dak.	Goodling	Pettis
	Green, Oreg.	Pike
Arends	Green, Pa.	Pirnie
Ashbrook	Gross	Podell
Ashley	Grover	Poff
Beall, Md.	Gubser	Powell
Berry	Gude	Pucinski
Betts	Hall	Quie
Biaggi	Halpern	Quillen
Biester	Hamilton	Railsback
Blackburn	Hanley	Randall
Boland	Hansen, Idaho	Reid, Ill.
Bolling	Harrington	Reid, N.Y.
Bow	Harsha	Reuss
Brademas	Harvey	Rodino
Brasco	Hastings	Roe
Bray	Hathaway	Rosenthal
Brock	Hechler, W. Va.	Roth
Broomfield	Heckler, Mass.	Ruppe
Brotzman	Helstoski	Ruth
Brown, Ohio	Hogan	Ryan
Broyhill, N.C.	Horton	St Germain
Broyhill, Va.	Hosmer	Saylor
Buchanan	Howard	Schadeberg
Burke, Fla.	Hull	Scherle
Burton, Calif.	Hunt	Scheuer
Burton, Utah	Hutchinson	Schneebeli
Button	Ichord	Schwengel
Byrnes, Wis.	Johnson, Pa.	Scott
Camp	Jonas	Shriver
Carey	Kastenmeier	Skubitz
Carter	Keith	Smith, Calif.
Cederberg	King	Smith, Iowa
Chamberlain	Koch	Smith, N.Y.
Clancy	Kuykendall	Snyder
Clausen, Don H.	Kyros	Springer
	Langen	Stafford
Cleveland	Latta	Staggers
Collier	Lloyd	Stanton
Collins	Lowenstein	Steiger, Ariz.
Conable	Lujan	Steiger, Wis.
Conte	Lukens	Taft
Corbett	McClory	Talcott
Coughlin	McCloskey	Teague, Calif.
Cowger	McClure	Thompson, Ga.
Cramer	McCulloch	Thomson, Wis.
Crane	McDade	Tiernan
Culver	McDonald, Mich.	Van Deerlin
Cunningham		Vander Jagt
Daddario	McEwen	Waldie
Daniels, N.J.	McKneally	Wampler
Davis, Wis.	Macdonald, Mass.	Watkins
Dellenback		Watson
Denney	Mailliard	Weicker
Derwinski	Mathias	Whalen
Dickinson	May	Whalley
Donohue	Mayne	White
Dowdy	Meeds	Whitehurst
Dulski	Meskill	Widnall
Duncan	Michel	Wiggins
Dwyer	Mikva	Williams
Eckhardt	Miller, Ohio	Wilson, Bob
Edwards, Ala.	Minish	Wold
Erlenborn	Mink	Wolff
Esch	Minshall	Wyatt
Eshleman	Mize	Wydler
Farbstein	Mizell	Wylie
Findley	Monagan	Wyman
Fish	Morse	Yates
Foley	Morton	Yatron
Ford, Gerald R.	Mosher	Zion
Foreman	Myers	Zwach
Fraser	Nelsen	
Frelinghuysen	Obey	

NAYS—144

Abbitt	Fountain	Murphy, N.Y.
Abernethy	Friedel	Natcher
Albert	Fulton, Tenn.	Nedzi
Alexander	Fuqua	Nix
Andrews, Ala.	Garmatz	O'Neal, Ga.
Annunzio	Gettys	Passman
Aspinall	Giaimo	Patman
Baring	Gibbons	Pepper
Barrett	Gonzalez	Perkins
Bennett	Gray	Philbin
Bevill	Griffin	Pickle
Blanton	Griffiths	Poage
Boggs	Hagan	Preyer, N.C.
Brinkley	Haley	Price, Ill.
Brooks	Hammer-schmidt	Price, Tex.
Burke, Mass.		Pryor, Ark.
Burleson, Tex.	Hanna	Purcell
Cabell	Hansen, Wash.	Rarick
Caffery	Hébert	Rees
Casey	Henderson	Rogers, Fla.
Celler	Hicks	Rooney, N.Y.
Chappell	Holifield	Rooney, Pa.
Chisholm	Hungate	Rostenkowski
Clark	Jarman	Roybal
Conyers	Jones, Ala.	Sandman
Corman	Jones, N.C.	Satterfield
Daniel, Va.	Jones, Tenn.	Shipley
Davis, Ga.	Karth	Sisk
de la Garza	Kazen	Slack
Delaney	Kee	Steed
Dennis	Landrum	Stephens
Dent	Lennon	Stubblefield
Diggs	Long, La.	Stuckey
Dingell	Long, Md.	Sullivan
Dorn	McFall	Taylor
Downing	McMillan	Teague, Tex.
Edmondson	Madden	Thompson, N.J.
Edwards, La.	Mahon	Udall
Eilberg	Mann	Ullman
Evans, Colo.	Marsh	Vanik
Evins, Tenn.	Martin	Vigorito
Fallon	Melcher	Waggonner
Fascell	Mills	Watts
Feighan	Mollohan	Whitten
Fisher	Montgomery	Wilson, Charles H.
Flowers	Moorhead	
Flynt	Morgan	Wright
Ford, William D.	Moss	Young
	Murphy, Ill.	Zablocki

NOT VOTING—52

Anderson, Tenn.	Edwards, Calif.	Ottinger
	Flood	Pollock
Ayres	Goldwater	Reifel
Belcher	Hawkins	Rhodes
Bell, Calif.	Hays	Riegle
Bingham	Jacobs	Rivers
Blatnik	Johnson, Calif.	Roberts
Brown, Calif.	Kirwan	Robison
Brown, Mich.	Kleppe	Rogers, Colo.
Burlison, Mo.	Kluczynski	Roudebush
Bush	Kyl	Sebelius
Byrne, Pa.	Landgrebe	Sikes
Clawson, Del	Leggett	Stokes
Clay	McCarthy	Stratton
Cohelan	MacGregor	Symington
Colmer	Matsunaga	Tunney
Dawson	Miller, Calif.	Winn
Devine	Nichols	

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

Mr. Hays with Mr. Ayres.
Mr. Sikes with Mr. Robison.
Mr. Roberts with Mr. Devine.
Mr. Flood with Mr. Roudebush.
Mr. Matsunaga with Mr. Pollock.
Mr. Kluczynski with Mr. Brown of Michigan.
Mr. Johnson of California with Mr. Sebelius.
Mr. Burlison of Missouri with Mr. Belcher.
Mr. Byrne of Pennsylvania with Mr. Reifel.
Mr. Miller of California with Mr. Bell of California.
Mr. Nichols with Mr. Kleppe.
Mr. Rivers with Mr. Rhodes.
Mr. Rogers of Colorado with Mr. Kyl.
Mr. Hawkins with Mr. McCarthy.
Mr. Leggett with Mr. Del Clawson.
Mr. Colmer with Mr. Bush.
Mr. Blatnik with Mr. Winn.
Mr. Anderson of Tennessee with Mr. MacGregor.
Mr. Stratton with Mr. Landgrebe.
Mr. Stokes with Mr. Riegle.
Mr. Edwards of California with Mr. Goldwater.
Mr. Cohelan with Mr. Clay.
Mr. Jacobs with Mr. Kirwan.
Mr. Symington with Mr. Ottinger.
Mr. Tunney with Mr. Dawson.
Mr. Bingham with Mr. Brown of California.

Messrs. WOLFF, GETTYS, GILBERT, MACDONALD of Massachusetts, ASHLEY, REUSS, OLSEN, HANLEY, WHITE, PATTEN, DONOHUE, YATES, MONAGAN and DANIELS of New Jersey changed their votes from "nay" to "yea."

Mr. GIAIMO and Mr. WILLIAM D. FORD changed their votes from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

Mr. MILLS. Mr. Speaker, in accordance with the instructions of the House in the motion to recommit, I report back the bill H.R. 17550 with an amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read the amendment.

(For amendment, see proceedings of the House today under motion to recommit.)

Mr. MILLS (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the amendment be dispensed with.

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

There was no objection.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MILLS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 344, nays 32, not voting 53, as follows:

[Roll No. 136]

YEAS—344

Abbitt	Bolling	Clausen, Don H.
Adair	Bow	
Adams	Brademas	Cleveland
Addabbo	Brasco	Collier
Albert	Bray	Collins
Alexander	Brinkley	Conable
Anderson, Calif.	Brock	Conte
	Broomfield	Conyers
Anderson, Ill.	Brotzman	Corbett
Andrews, N. Dak.	Brown, Ohio	Corman
	Broyhill, N.C.	Coughlin
Annunzio	Broyhill, Va.	Cowger
Arends	Buchanan	Cramer
Ashbrook	Burke, Fla.	Crane
Ashley	Burke, Mass.	Culver
Baring	Burleson, Tex.	Cunningham
Barrett	Burton, Calif.	Daddario
Beall, Md.	Burton, Utah	Daniel, Va.
Bennett	Button	Daniels, N.J.
Berry	Byrnes, Wis.	Davis, Ga.
Betts	Camp	Davis, Wis.
Bevill	Carey	de la Garza
Biaggi	Carter	Delaney
Biester	Casey	Dellenback
Blackburn	Cederberg	Denney
Blanton	Celler	Dennis
Blatnik	Chamberlain	Dent
Boggs	Chisholm	Derwinski
Boland	Clancy	Dickinson
	Clark	Diggs

Dingell	Jones, Tenn.	Rees
Donohue	Karth	Reid, Ill.
Dowdy	Kastenmeier	Reid, N.Y.
Downing	Keith	Reuss
Dulski	King	Rodino
Duncan	Koch	Roe
Dwyer	Kuykendall	Rogers, Fla.
Eckhardt	Kyros	Rooney, N.Y.
Edmondson	Landrum	Rooney, Pa.
Edwards, Ala.	Langen	Rosenthal
Eilberg	Latta	Rostenkowski
Erlenborn	Lennon	Roth
Esch	Lloyd	Roybal
Eshleman	Long, Md.	Ruppe
Evans, Colo.	Lowenstein	Ruth
Evins, Tenn.	Lujan	Ryan
Fallon	Lukens	St Germain
Farbstein	McClory	Sandman
Fascell	McCloskey	Saylor
Feighan	McClure	Schadeberg
Findley	McCulloch	Scherle
Fish	McDade	Scheuer
Flowers	McDonald, Mich.	Schneebeli
Foley	McEwen	Schwengel
Ford, Gerald R.	McFall	Scott
Ford, William D.	McKneally	Shipley
Foreman	Macdonald, Mass.	Shriver
Fountain	Madden	Sisk
Fraser	Mailliard	Skubitz
Frelinghuysen	Mann	Slack
Frey	Martin	Smith, Calif.
Friedel	Mathias	Smith, Iowa
Fulton, Pa.	May	Smith, N.Y.
Fulton, Tenn.	Mayne	Snyder
Galifianakis	Meeds	Springer
Gallagher	Melcher	Stafford
Garmatz	Meskill	Staggers
Gaydos	Michel	Stanton
Gettys	Mikva	Steed
Giaimo	Miller, Ohio	Steiger, Ariz.
Gibbons	Minish	Steiger, Wis.
Gilbert	Mink	Stephens
Gonzalez	Minshall	Stubblefield
Goodling	Mize	Stuckey
Gray	Mizell	Sullivan
Green, Oreg.	Mollohan	Taft
Green, Pa.	Monagan	Talcott
Griffiths	Moorhead	Taylor
Gross	Morgan	Teague, Calif.
Grover	Morse	Thompson, Ga.
Gubser	Morton	Thompson, N.J.
Gude	Mosher	Thomson, Wis.
Hagan	Moss	Tiernan
Haley	Murphy, Ill.	Udall
Hall	Murphy, N.Y.	Ullman
Halpern	Myers	Van Deerlin
Hamilton	Natcher	Vander Jagt
Hammer-schmidt	Nedzi	Vanik
Hanley	Nelsen	Vigorito
Hanna	Nix	Waldie
Hansen, Idaho	Obey	Wampler
Hansen, Wash.	O'Hara	Watkins
Harrington	O'Konski	Watson
Harsha	Olsen	Watts
Harvey	O'Neal, Ga.	Weicker
Hastings	O'Neill, Mass.	Whalen
Hathaway	Patten	Whalley
Hechler, W. Va.	Pelly	Whitehurst
Heckler, Mass.	Pepper	Widnall
Helstoski	Perkins	Wiggins
Henderson	Pettis	Williams
Hicks	Philbin	Wilson, Bob
Hogan	Pike	Wilson, Charles H.
Holifield	Pirnie	Wold
Horton	Podell	Wolff
Hosmer	Poff	Wright
Howard	Powell	Wyatt
Hull	Preyer, N.C.	Wydler
Hungate	Price, Ill.	Wylie
Hunt	Price, Tex.	Wyman
Hutchinson	Pryor, Ark.	Yates
Ichord	Pucinski	Yatron
Jarman	Quie	Zablocki
Johnson, Pa.	Quillen	Zion
Jonas	Railsback	Zwach
Jones, N.C.	Randall	

NAYS—32

Abernethy	Hébert	Patman
Andrews, Ala.	Jones, Ala.	Pickle
Aspinall	Kazen	Poage
Cabell	Kee	Purcell
Caffery	Long, La.	Rarick
Chappell	McMillan	Satterfield
Dorn	Mahon	Teague, Tex.
Edwards, La.	Marsh	Waggonner
Fisher	Mills	Whitten
Flynt	Montgomery	Young
Griffin	Passman	

NOT VOTING—53

Anderson, Tenn.	Belcher	Brooks
Ayres	Bell, Calif.	Brown, Calif.
	Bingham	Brown, Mich.
Burlison, Mo.	Jacobs	Reifel
Bush	Johnson, Calif.	Rhodes
Byrne, Pa.	Kirwan	Riegle
Clawson, Del	Kleppe	Rivers
Clay	Kluczynski	Roberts
Cohelan	Kyl	Robison
Colmer	Landgrebe	Rogers, Colo.
Dawson	Leggett	Roudebush
Devine	McCarthy	Sebelius
Edwards, Calif.	MacGregor	Sikes
Flood	Matsunaga	Stokes
Fuqua	Miller, Calif.	Stratton
Goldwater	Nichols	Symington
Hawkins	Ottinger	Tunney
Hays	Pollock	Winn

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hays with Mr. Ayres.
Mr. Sikes with Mr. Robinson.
Mr. Roberts with Mr. Devine.
Mr. Flood with Mr. Roudebush.
Mr. Matsunaga with Mr. Pollock.
Mr. Kluczynski with Mr. Brown of Michigan.
Mr. Johnson of California with Mr. Sebelius.
Mr. Burlison of Missouri with Mr. Belcher.
Mr. Byrne of Pennsylvania with Mr. Reifel.
Mr. Miller of California with Mr. Bell.
Mr. Nichols with Mr. Kleppe.
Mr. Rivers with Mr. Rhodes.
Mr. Rogers of Colorado with Mr. Kyl.
Mr. Hawkins with Mr. McCarthy.
Mr. Leggett with Mr. Del Clawson.
Mr. Colmer with Mr. Bush.
Mr. Brooks with Mr. Winn.
Mr. Anderson of Tennessee with Mr. MacGregor.
Mr. Stratton with Mr. Landgrebe.
Mr. Stokes with Mr. Riegle.
Mr. Edwards of California with Mr. Goldwater.
Mr. Cohelan with Mr. Clay.
Mr. Jacobs with Mr. Kirwan.
Mr. Symington with Mr. Ottinger.
Mr. Tunney with Mr. Fuqua.
Mr. Bingham with Mr. Brown of California.

Mr. BLANTON and Mr. HAGAN changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

DISPENSING WITH THE PRINTING OF THE BILL H.R. 17550

Mr. MILLS. Mr. Speaker, I ask unanimous consent to dispense with the printing in the RECORD of the House bill just passed due to its length and the cost of printing.

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

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days within which to extend their remarks in the RECORD on the bill just passed.

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

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 17138. An act to amend the District of Columbia Police and Firemen's Salary Act of 1958 and the District of Columbia Teachers' Salary Act of 1955 to increase salaries, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 17138) entitled "An act to amend the District of Columbia Police and Firemen's Salary Act of 1958 and the District of Columbia Teachers' Salary Act of 1955 to increase salaries, and for other purposes, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TYDINGS, Mr. BIBLE, Mr. SPONG, Mr. EAGLETON, Mr. PROUTY, Mr. GOODELL, and Mr. MATHIAS to be the conferees on the part of the Senate.

MERCHANT MARINE PROGRAM

Mr. GARMATZ. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15424) to amend the Merchant Marine Act, 1936.

The SPEAKER. The question is on the motion offered by the gentleman from Maryland.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 15424, with Mr. WAGGONNER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Maryland (Mr. GARMATZ) will be recognized for 1 hour, and the gentleman from California (Mr. MAILLIARD) will be recognized for 1 hour.

The Chair recognizes the gentleman from Maryland.

Mr. GARMATZ. Mr. Chairman, I yield myself such time as I may consume.

I rise in strong support of H.R. 15424, which gives promise so long due of rehabilitating our U.S. merchant marine to serve our needs in national commerce and defense.

This bill, H.R. 15424, will amend the Merchant Marine Act of 1936. It is designed to provide a long-range merchant shipbuilding program of 30 ships per year for the next 10 years, with special emphasis on the need to build and operate commercial bulk ocean carriers, and a general lessening of dependence on operating-differential subsidy.

H.R. 15424 was introduced following a message from the President on October 23, 1969—the first of its kind in 30 years concerning the U.S. merchant marine. The President described our present merchant fleet as largely "antiquated" and in need of substantial rehabilitation.

The bill was favorably reported by our committee on May 12, 1970, with an amendment—report No. 91-1073.

In essence, the program under the bill is to build a substantial number of standard design merchant vessels over the

next decade and to produce these ships in such quantity as to reduce unit costs. In this way, the rate of construction-differential subsidy may be reduced from a present ceiling of 55-percent subsidy of foreign costs for a comparable ship to 35 percent of such costs. One of the major objectives of the long-range program is to build bulk carriers in our commercial trades in world markets because we have virtually forfeited our bulk trades to foreign carriers.

The program has been termed one of "challenge and opportunity." The shipbuilding industry has been challenged to produce the required ships at reduced unit costs. The attraction in the program for shipbuilders is the opportunity to build ships in quantity lots. This approach should induce the yards to make the capital improvements necessary to reduce costs.

As reported, the bill will permit shipyards and ship purchasers to negotiate the price of a ship as an alternative to competitive bidding. It is expected that this alternative means of buying ships will help the shipbuilding industry to lower present ceilings on subsidy to construct ships in U.S. yards.

In addition, the bill as reported would permit presently unsubsidized operators in our foreign commerce, in our noncontiguous trades, and in the Great Lakes, to create a construction reserve fund for new ship construction. Presently subsidized operators in our liner trades have had this privilege since 1936. The bill would simply extend similar benefits to presently unsubsidized operators to rebuild that portion of our fleet which is in most need of replacement. Under this tax-deferred plan, shipping companies will be permitted to make deposits of earnings and other income into a ship construction fund. Such deposits will be tax deferred, if new ships are built with the money in the ship construction fund.

It should be understood that deposits into the ship construction fund should not have an adverse effect on our U.S. Treasury. Taxes will only be deferred. There should not be any real loss of revenues to the U.S. Treasury. To the contrary, based on expert testimony received by our committee, we think that the potential benefits of the proposed deferment of taxes on earnings which are earmarked for vessel replacement deposited in a capital reserve fund, would be the modernization of our merchant fleet, reduced cargo preference freight rates, a positive contribution to the Gross National Product, and a beneficial effect on our balance of payment. In fact, we have good reason to believe, based on such testimony, that for each tax dollar deferred under this ship replacement plan, the U.S. Treasury will realize $3 to $4 in revenue.

The visible effects of this tax-deferred reserve fund should be: more work in U.S. shipyards; more ships under the U.S. flag; and more jobs for U.S. seamen.

I should not close this comment on the tax-deferred reserve fund for new ship construction without expressing my deep appreciation for the cooperation we received from the House Committee on Ways and Means, and from the staff of the Joint Committee on Internal Revenue Taxation, in preparing this legislation and the supporting report.

In the early stages of our committee's consideration of this important provision on a tax-deferred reserve fund, I, and the committee's ranking minority member, Mr. MAILLIARD, discussed this provision with the chairman and ranking minority member of the Ways and Means Committee, Mr. MILLS and Mr. BYRNES. At that meeting, the leaders of that committee indicated that because our committee had handled the matter in 1936, and in view of the fact that this bill does not amend the Internal Revenue Code, they would raise no objections to our handling the tax matters in the current bill. In fact, they made available to us staff members who are conversant with tax problems to help us coordinate the tax provisions in this bill with those in the Internal Revenue laws.

I wish to thank the chairman of the Ways and Means Committee and the ranking minority member for their cooperation in this matter.

In the tax legislation which has evolved, and in the underlying report to help administer those statutory standards, I think we have given to the maritime industry a clear and workable plan to utilize the tax-deferred reserve fund for new ship construction.

Finally, I believe that this provision for a ship replacement fund, more than any other, will induce ship operators not presently subsidized to build their ships in U.S. shipyards and to operate those ships under the U.S. flag.

To further help reduce the unit costs of building ships in U.S. shipyards, there has been some relaxation of the so-called buy-American provision. If we are to reduce unit costs, it seemed appropriate to the committee to permit the shipbuilders, and the ship operators who must purchase the ship at substantial cost to them, to purchase some materials and supplies in foreign markets. We have, however, retained the requirement that the hull and superstructure of the vessel, and any material in the construction thereof, be of domestic origin. The net result of the committee's action on the buy-American proposal is to relax the standards somewhat so that some materials can be purchased foreign. This relaxation of the buy-American standard is in keeping with current policy followed in the construction of naval vessels. Also, it is in accordance with existing maritime law since 1920 for the construction of vessels in the domestic commerce.

Despite this relaxation of the buy-American standards, however, it should be understood that in very substantial part the materials and supplies to be used in the construction of a vessel in a U.S. shipyard must be of domestic origin. In any event, shipbuilding workers in U.S. shipyards should not be adversely affected because they will have the job of putting the ship together whatever the source of the materials.

On the operating side of the program, numerous changes have been made in the Merchant Marine Act of 1936 to make American bulk carriers in the commercial trades eligible for operating subsidy. With both construction and operating subsidy, we hope American ship operators will build and operate U.S. ships to give us a bulk carrying capability.

Also, we propose a general lessening of dependence on operating subsidy for our liners to meet foreign competition. In this respect, the concept of a wage index has been introduced. Under this concept, the amount of subsidy paid for crew costs to equalize wage cost with foreign competition will be determined in accordance with a certain formula. This formula will be determined by considering the wages of other American industries, with equal weight given to the transportation industry—excluding seagoing personnel—and private nonagricultural industries.

Since there will be a floor and ceiling to the amount of subsidy the Government will pay for seafaring wages, it is expected that the operators will be encouraged to obtain the best agreement they can with labor. Within prescribed limits, under this wage index approach, the operator will have to pay the difference between the cost of the collective bargaining agreement and the wage index, if the cost of the agreement is higher. Conversely, if the operator negotiates a collective bargaining agreement below the wage index, he is paid the difference.

The committee also amended the bill to add what has come to be known as the grandfather clause. This is section 21 of the bill. One of the major purposes of this long-range maritime program is to build up a commercial bulk carrier fleet. At present, we have no such fleet. The absence of a commercial bulk carrying capability accounts for our carrying only about 6 percent of our foreign commerce.

To induce presently unsubsidized operators to build their ships in U.S. yards, and operate them under the U.S. flag, it became apparent during the hearings that some relaxation was required in section 804 of the Merchant Marine Act of 1936. This section prohibits U.S. operators getting operating subsidy if they own or use foreign-flag ships in competition with American-flag service. Accordingly, the committee adopted a provision which permits presently unsubsidized operators who participate in the new subsidy program to continue operating existing foreign-flag vessels for a period of 20 years. For the purposes of this section, a ship contracted to be built before April 15, 1970, will be considered to be an existing foreign-flag vessel. After 20 years, the operator must divest himself of all foreign holdings. The committee has, therefore, frozen the foreign-flag fleet as of April 15, 1970.

I wish to emphasize that it is the committee's considered opinion that the addition of the grandfather clause will make it possible for some operators to come under the U.S. flag, which they could not do otherwise. This has the potential of reducing, if not eliminating, the so-called runaway fleet, about which our seafaring unions, and others, have complained so bitterly over the years.

To the extent operators with foreign-

flag ships are induced by this program to build their ships in U.S. yards and operate them under our flag, we will have strengthened our commerce, and provided for our national security. Further, we will have created more jobs than are presently available for our seafaring personnel.

Gentlemen, the U.S. maritime industry has waited long and patiently for a Government program to sustain it and put us back among the leaders of the maritime nations of the world. I am pleased to tell you that the President, the maritime industry, and at least our committee of the Congress, enthusiastically support the objectives of the long-range maritime program under H.R. 15424.

If this bill is passed, we look forward to a very exciting and challenging time as we rebuild our fleet to carry our Nation's commerce and provide for our national defense. It will be pleasing to see this Nation once again among the maritime leaders of the world—as we traditionally have been—rather than fifth ranked, as we are currently ranked.

Thus, I strongly urge the House to support this very important legislation to rebuild our merchant marine.

I appreciate the cooperation and thoughtful comments of my distinguished colleague, the ranking minority member of the Committee on Merchant Marine and Fisheries, the Honorable WILLIAM S. MAILLIARD, of California. The same thoughts go to many other members of my committee on both sides of the political aisle, and to the Maritime Administrator, the Honorable Andrew E. Gibson, and to the staff of my committee, which has worked hard and diligently to get this bill out.

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

Mr. GARMATZ. I am pleased to yield to the gentleman from Missouri.

Mr. HALL. Mr. Chairman, I appreciate the gentleman from Maryland, the chairman of the committee, yielding to me, and I appreciate his statement, also.

One cannot study the need for an air and sea lift without realizing the need for a report such as the distinguished gentleman from Maryland gives here today.

I am a little bit concerned, however, and have only one question so far as his statement is concerned. After he said that they had relaxed the buy-American requirement, I listened with great care because we have a great need to expand our manufacturing capability base for propulsion units and other units.

Would it be possible under this relaxation to contract for entire sections of the jumboized tankers to be made in Japan, for example, where they have a unique capability in this field, and float them back across the ocean and have them assembled in our own shipyards?

Mr. GARMATZ. The answer to the gentleman's question is, "No."

Mr. HALL. In other words, when the gentleman stated that all of the hull and superstructure must be made in American yards, and the component parts, that leaves only fabrication of materials therein for any overseas contract. Is that correct?

Mr. GARMATZ. The gentleman is correct.

Mr. HALL. I thank the gentleman.

Mr. MAILLIARD. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I rise to join the distinguished chairman of our Committee on Merchant Marine and Fisheries, Mr. GARMATZ, in support of H.R. 15424, which was reported unanimously by the committee. The bill before us today in the form of a committee amendment is the result of months of hearings and executive deliberations by the Merchant Marine Committee. This legislation was introduced to an executive communication annd implements the President's message to Congress of October 23, 1969, transmitting recommendations for a new shipbuilding program.

At the outset, I would like to stress the fact that this legislation would not have been possible without the commitment of the President to a strong merchant marine, nor without the dedicated effort of the Secretary of Commerce, Maurice Stans, the Under Secretary, Rocco Siciliano, and the Maritime Administrator, Andrew Gibson, who guided the draft bill through the labyrinth of executive department clearance. Also it would not be here before us today without the stalwart leadership of our chairman, ED GARMATZ.

Mr. Chairman, the public is entitled to ask why the United States should embark at this time upon a comprehensive maritime program, which will involve the expenditure of approximately $2 billion over the next 10 years. This is an important question which should be answered. Unfortunately, congressional action on maritime appropriations has all too often been reported to the American people as simply a subsidy. Subsidy is a term which antagonizes many people regardless of the nature of the expenditure or its justification. For this reason, I will take a few moments to place this program, and the expenditures which will be required to sustain it, in perspective.

In considering the need for a merchant marine, we must bear in mind that ships are built not as works of art, although they may be an object of grace and beauty to many of us. They are, rather, very utilitarian machines intended to fulfill a vital role in the economy of the Nation. That role very simply is to move our exports to their foreign destinations and to bring to the United States the great variety of goods which the American people and American industry require. The foreign trade of the United States has reached truly staggering proportions. It now accounts for one-third of the world's international trade and is valued at around $70 billion. Some of this trade is the result of personal taste, a public liking for the products of a particular country which may be unique. Some of this trade is the result of competitive factors which enable goods to be produced more cheaply in certain countries. The trade which is generated due to widespread acceptance of the products of particular countries, and the trade which results from strong competitive factors arising largely from wage differentials generally falls into the category of liner goods—those items of reasonably high-retail value which are packaged and shipped on vessels plying regular trade routes between the United States and our principal trading partners.

While our liner trade has grown steadily over the years, its importance in terms of our economic well-being has been overshadowed in recent years by the growth of the bulk trades. There was a time when the United States was reasonably self-sufficient in terms of basic raw materials. That time is gone forever. The United States can no longer rely exclusively on domestic sources of oil, iron ore, bauxite, and the myriad other raw materials from which industry fashions the goods our economy demands.

The President has called for a 10-year program of merchant ship construction. Presently, our liner trade involves the carriage of approximately 46 million tons annually, while our bulk trades account for almost 350 million tons. At the end of this projected 10-year program in the early 1980's, our liner trade will have increased to perhaps 60 million tons each year, while it has been estimated conservatively that our bulk trades will have increased to between 550 million and 600 million tons. With each succeeding year, our dependence upon these foreign sources of raw materials will grow. Our ability to sustain our economy will become more and more dependent upon the availability of foreign raw materials and upon the efficient movement of those raw materials at reasonable cost. Herein, of course, lies the answer to the basic question of why a maritime program now.

If American-flag ships are not built to transport a reasonable percentage of our expanding foreign trade, we will be totally dependent upon foreign shipping interests to move these goods. We cannot afford that dependence. The availability of merchant ships has been proven in the past to be extremely sensitive to political and economic pressures. Freight rates in the world shipping market are subject to tremendous escalation whenever normal trading patterns are upset. The closure of the Suez Canal was perhaps the classic example in recent times of this phenomenon. A country which is becoming increasingly dependent upon foreign raw materials is in double jeopardy if it loses complete control over the means for insuring the flow of those raw materials. We must, therefore, have a merchant marine which will insure that at least our minimum essential needs can be met.

Counterbalancing the direct investment which we will make over the next 10 years is the fact that these ships will earn approximately $2 billion, which would otherwise be paid to foreign-flag carriers. Our balance of payments will, therefore, be substantially improved. Second, the Federal Government will realize between one-half and three-quarters of a billion dollars in increased taxes. The net cost of this program over a 10-year period in order to achieve the availability of American-flag ships to move our commerce will be minimal.

The maritime policy and programs of the United States are essentially embodied in the Merchant Marine Act of 1936. This basic law was enacted at a time when the economy of the United States was radically different. For all intents and purposes, the United States was self-sufficient from a standpoint of world trade and had not yet experienced the tremendous demand for raw materials which I have discussed. In fashioning a maritime program, the Congress was concerned, as we are today, over the lack of an adequate fleet to move our commerce. This commerce, however, consisted in large measure of the liner goods. The act was therefore molded to fit the needs of the time. It spoke in terms of financial aid in the operation of vessels in an essential service on a route or line in the foreign commerce of the United States. It did not take into account those ships which transport our basic raw materials and which do not ply regular trade routes between fixed ports-of-call. Although the construction subsidy portion of the 1936 act was not expressly limited to the building of ships for designated trade routes, the overriding philosophy of the act mitigated against the granting of construction subsidy for vessels engaged in the bulk trades. Additionally, the limited funds available for construction subsidy have, with few exceptions, been made available only to those carriers holding operating subsidy contracts, since these carriers are required by the terms of their contracts to replace their vessels systematically.

This emphasis upon liner trades and service on essential trade routes has resulted in the development of a modern nucleus American-flag liner fleet owned by 13 companies which hold operating-differential subsidy contracts. Additionally, several unsubsidized carriers which have pioneered in the development of containerships now operate a large number of these vessels in those trades where the economics of containerization enable them to compete without direct subsidy.

At the same time, the failure of the Merchant Marine Act to take into account our bulk trades has created a crisis which cannot be ignored. Our bulk fleet now consists of a small number of tankers engaged in the coastwise movement of oil and a collection of World War II vintage ships which rely almost exclusively on the carriage of AID cargoes for their survival. We have absolutely no large, modern bulk carriers under the American flag engaged in the commercial carriage of raw materials in our foreign trade.

The recognition of this deficiency and of the fact that many improvements need to be made in the administration of our maritime programs have brought about this legislation. Broadly speaking, it will encourage the development of bulk-carrying capacity under the American flag. It will enable those carriers which do not receive operating subsidies in foreign trade and in certain segments of our domestic waterborne trade to accumulate the capital needed for ship construction through deferral of tax on earnings deposited in construction funds. It will rationalize the computation of operating subsidy through the establishment of a wage index system and will eliminate a great deal of the redtape and unnecessary administrative intervention in private business which was built into the 1936 act.

Mr. Chairman, H.R. 15424 contains three principal elements: revision of the construction-differential subsidy system of the 1936 Merchant Marine Act; extension and clarification of the tax deferral concept embodied in Section 607 of the act; and extension of the operating-differential subsidy system to include bulk carriers, together with the adoption of more workable procedures for the determination of operating subsidy.

Construction-differential subsidy is intended to enable an American-flag operator to purchase a ship from an American shipyard at a price approximately equal to that which the operator would pay to have the same vessel constructed in a representative foreign shipyard. In recent years, Japanese shipyards have been used as the basis for comparing American and foreign shipbuilding costs. The system of construction subsidy established in the 1936 act proceeded on the fiction, however, that the subsidy is awarded to the ship operator, whereas in reality construction subsidy is designed to support the American shipbuilding industry.

H.R. 15424 recognizes this subsidy as a shipyard subsidy and provides for payment directly to the shipyard rather than as in the past having the Government pay the ship operator who then, in turn, passed the subsidy along to the shipyard. The Merchant Marine Act provided that the shipowner must apply to the Government for the construction subsidy. As a result of this requirement, the shipyard was, for all practical purposes, eliminated from the design of merchant ships, and the shipowner in conjunction with his naval architect prepared all the plans and specifications for submission to the Maritime Administrator. Only after Government approval of the proposed ship did the shipyards come into the picture when requested by the Government to submit construction bids. This system resulted in the construction of many custom-designed ships and were often monuments to the skill of the naval architect employed by the shipowner. The vast experience of our shipyards, however, was rarely ever brought to bear, and the shipyards could do nothing to influence cost savings. The administration's program and H.R. 15424, as introduced, recognized this serious deficiency and provided that the shipyard be the applicant for subsidy. Under this concept, it is envisioned that the shipyards will develop their own expertise in the design of ships and will actively compete to sell their product to the ship operators. Once a shipyard and an operator have agreed upon a vessel design, the shipyard will apply to the Government for subsidy to offset the higher American building costs. Your committee has endorsed the concept which I have described, but has amended the bill to enable shipowners to continue to be applicants for subsidy, since there may be unique circumstances under which a shipowner cannot find a builder willing to apply for construction subsidy. The bill as reported, therefore, provides that both a shipowner and a shipyard may be an applicant for construction subsidy.

In order to assist the shipyards during the initial phase of this new program, the Maritime Administration has engaged two shipyards to develop standard designs for the principal classes of ships needed by our merchant marine. These designs are being unveiled in New York City today. They are not binding on the shipyards but will give them a point of departure for the preparation of their own designs, and will undoubtedly be heavily relied upon for the next 5 years. Construction of nearly standardized ships by our yards, coupled with production runs of reasonable length, should enable the yards to achieve considerable economies.

The Merchant Marine Act now contains a temporary ceiling on construction subsidy of 55 percent of cost. That ceiling will return to a permanent maximum of 50 percent on July 1. In recognition of the economies which these new procedures are expected to bring about, the bill sets forth as a goal progressive reductions in the rate of construction subsidy down to the level of 35 percent by 1975. It is important to note that these are goals which we expect to achieve not by simply passing on a higher share of the cost to the ship purchaser, but through reducing the cost of constructing vessels in American yards in relation to the cost of constructing comparable vessels abroad.

In order to encourage the series production of standardized ships, the bill authorizes the Secretary of Commerce to give preference to those applications for construction subsidy which, in his opinion, will bring about these reduced levels of subsidy and produce ships of high productivity. I wish to note at this point that the bill does not contain any language giving preference to one segment or another of our maritime industry.

The determination of foreign construction costs under the 1936 act always has been a subject of considerable delay and dispute. Under existing procedures, the foreign cost of a ship, which must be determined in order to compute the level of subsidy for building that ship in an American yard, has been determined on an application-by-application basis. As a result, the ship often has been built before a final determination of subsidy has been made, and both the shipowner and the shipyard have been compelled to make their investment and cost determinations without knowing what the level of subsidy for the ship may be. The bill provides that the Secretary of Commerce may establish foreign construction costs on the basis of types of ships rather than specific ships. These determinations will be recomputed as economic conditions change both here and abroad, but will undoubtedly remain constant for reasonable periods of time. Shipyards and operators will be able to use these computations as a guide

in order to determine, while they are negotiating over a shipyard design, what the approximate level of subsidy for that ship will be. This will eliminate a great deal of the delay and redtape which has enveloped this program under the 1936 act.

Mr. Chairman, some concern has been expressed over the provision of this bill dealing with the so-called buy-American clause. Under the 1936 act, ships built with construction subsidy may contain no articles of foreign manufacture. This requirement is somewhat anomalous since ships built without subsidy for our protected domestic trades may utilize a considerable amount of foreign equipment. The language of H.R. 15424 simply places ships built with subsidy on the same footing as those built without construction aid for our domestic trades. Your committee amended the bill to clarify the requirement that major components of hull and superstructure must be of domestic origin by the addition of the language "and any material used in the construction thereof." Thus, the steel from which a subsidized ship's hull and superstructure is fabricated must be of domestic manufacture. Of course, any material or equipment used in the construction of the ship for which subsidy is paid must be of domestic origin. Only if the shipyard chooses to forego subsidy may it employ foreign materials, and then only with respect to equipment not involved in the fabrication of major hull and superstructure components. Mr. Chairman, I personally do not anticipate that the amendment of the buy-American provision will result in any significant use of foreign articles. There have been instances in the past where our shipyards have been delayed because domestic suppliers, knowing that the shipyards are a captive market, have concentrated their efforts in meeting deliveries for other industries where there is competition from foreign manufacturers. I expect that this amendment will enable our shipyards to deal with their domestic suppliers on a footing equal to other purchasers in the United States. In most aspects of ship construction, our domestic equipment is superior to that which can be obtained abroad. There are many factors, therefore, which I am sure will induce our shipyards to continue to purchase their requirements in the United States, provided American industry is willing to give our shipyards the same service it gives other customers who are not a captive market.

Bringing shipyards into the design of vessels and encouraging them to actively seek customers for their product has raised a serious question with respect to the bidding requirements of the 1936 act. With few exceptions, the act requires the submission of sealed bids by all yards which may be interested in constructing a particular vessel. The wedding of this traditional concept to the new program raises the possibility that a yard may design a ship, seek a buyer, and then lose the work to another yard after competitive bidding. This could deter many yards from investing their time and talent in the design of the most economical ship, since there would be no compensation for this effort if another yard were the low bidder. Accordingly, your committee has adopted an alternative bidding procedure which will permit a yard to negotiate directly with a customer, arrive at a sales price, and then apply to the Secretary of Commerce for construction subsidy. Numerous safeguards have been built into the alternative bidding system, including a requirement that the negotiated price must conform to the prevailing target subsidy level. The entire transaction is also subject to review and audit by the Comptroller General. As reported by your committee, the negotiating bidding concept will be limited to a trial period of 3 years. This will be a reasonable period of time and will enable your committee to evaluate the effectiveness of this system, and then make appropriate recommendations to the Congress.

Only in one respect did your committee act to retain completely a provision of existing law which the administration proposed to change. This dealt with the imposition of trade route restrictions on ships built with construction subsidy but not receiving operating subsidy. In this respect, your committee felt, on balance, that the existing law prohibiting the imposition of trading restrictions should be retained. While there are valid arguments in favor of such restrictions, your committee determined that a number of highly qualified operators might be reluctant to participate in this program if the administration's recommendation were adopted, and that this factor outweighed the possible benefits of such a restriction.

The second principal element of this program is related to ship construction but is so important that it deserves separate consideration. I refer to section 19 of the reported bill which completely revises the tax deferral system of the Merchant Marine Act. Section 607 of the act requires the establishment of capital and special reserve funds by carriers who hold operating-differential subsidy contracts. The operator must deposit into the capital reserve fund all depreciation on his subsidized vessels, if earned, and proceeds derived from the sale of vessels, indemnities from the loss of vessels, and most important, earnings to the extent required to carry out the operator's vessel modernization program. The act expressly provides that money deposited into the capital reserve fund shall be tax exempt. However, other provisions of section 607 are inconsistent with the concept of tax exemption, and as a result in 1947 the subsidized lines entered into agreements with the Internal Revenue Service providing that their capital reserve funds shall be tax deferred rather than tax exempt. Money deposited in these funds may be withdrawn by an operator for the purpose of acquiring new vessels, reconstructing existing vessels, and paying ship mortgages. Given the current 48 percent corporate tax rate, the deposit of earnings on a tax-deferred basis into a capital reserve fund virtually doubles the rate of capital accumulation for investment in ships. Our existing fleet of modern liner vessels could not have been built without the tax deferral system of the Merchant Marine Act.

Mr. Chairman, for years my colleagues and I on the Merchant Marine Committee have sought to expand the scope of the tax deferral system for merchant ship construction to include all qualified operators. The need for this has been acute, since the unsubsidized operators are faced with a vicious circle of spiraling operating costs and aging vessels to the end that few of them can hope to accumulate the capital required to purchase new ships. The administration's maritime program, therefore, extends the tax deferral privilege to all qualified operators in our foreign trade. Your committee has determined, however, that an equally critical situation exists with respect to our Great Lakes fleet, our fisheries, and the domestic fleet engaged in the noncontiguous trades. The so-called noncontiguous domestic trades are unique in that the States of Alaska and Hawaii, the Commonwealth of Puerto Rico, and the Territory of Guam are almost totally dependent upon ocean-going American-flag ships for their economic well-being. The ships that operate in these trades are faced with the same cost spiral and growing obsolescence which characterize our unsubsidized ships in foreign trade.

H.R. 15424, as introduced, simply expanded the existing tax deferral provision of the 1936 act to cover nonsubsidized carriers. However, in view of the great increase in the number of operators who will be establishing such funds, your committee determined that section 607 of the act should be completely rewritten to eliminate the need for Internal Revenue Service closing agreements. In order to accomplish this, we turned to our colleagues, the distinguished chairman of the Ways and Means Committee (Mr. MILLS), and the distinguished ranking minority member of that committee (Mr. BYRNES). Through their cooperation, the staff of the Joint Committee on Internal Revenue Taxation assumed the principal role in this undertaking. The bill, as reported, sets forth the technical revisions to the tax deferral system as recommended by the staff of the joint committee. This revision will permit the administration of the tax deferral system by the Secretary of Commerce in conjunction with the Secretary of the Treasury without the need for individual closing agreements.

The principal element in the new tax deferral system will be the vessel acquisition or modernization agreement which each carrier will enter into with the Secretary of Commerce. This agreement will simply set forth the building program which the carrier hopes to achieve and will provide for the orderly deposit of earnings into the fund. We have deliberately left the terms of this agreement flexible, so that it may be fitted to the needs of each carrier.

Mr. Chairman, I will not attempt to discuss the technical details of this section of the bill. However, I believe that one aspect should be emphasized. A number of novel financing arrangements have gained acceptance in the maritime industry in the last few years, the con-

cept of leasing vessels being the principal one. Under existing law, each operator must deposit full depreciation into the fund. However, since depreciation is already claimed by the operator for Federal income tax purposes, there is no real tax benefit derived from the deposit of depreciation. It is only with respect to earnings which would otherwise be fully taxable that a true tax deferral occurs. An operator which leases its vessels will not have, of course, any depreciation, and the moneys deposited into the fund by that operator will normally consist of fully taxable earnings. In order to avoid the possibility that operators who own their vessels will be placed at a disadvantage in relation to competing operators who lease their vessels, the legislation eliminates the requirement that carriers must deposit depreciation to the extent earned as a prerequisite to the deposit of earnings. Instead, the bill leaves the question of whether depreciation or earnings should be deposited subject entirely to the agreement between the carrier and the Secretary of Commerce. It is expected that the Secretary will exercise this discretion so that competing carriers will be treated equally.

Mr. Chairman, the third major aspect of this legislation deals with operating-differential subsidies. As I already have indicated in these remarks, the Merchant Marine Act of 1936 was conceived to insure adequate service on essential trade routes in U.S. foreign commerce. Under title 6 of the act, the Secretary of Commerce may enter into operating subsidy agreements under which the Government pays to the contracting carriers the difference between their cost of doing business on a particular trade route and their foreign-flag competitor's cost. The carrier must agree to provide a minimum number of sailings on the trade route in order to maintain adequate U.S.-flag participation in the trade. The principal subsidized cost element of the U.S.-flag operators is wages. Other elements now included for subsidy computation purposes are maintenance and repair, insurance and subsistence. H.R. 15424 amends title 6 of the act to provide for the payment of operating-differential subsidy for bulk cargo-carrying vessels which do not operate on established point-to-point trade routes. The bill as introduced employed the concept of shipping "capacity" as the criteria for determining whether a need for operating subsidy exists in any given case with respect to both liner and bulk cargo carriage. Your committee determined, however, that the concept of adequate "service" was a more valid guideline for determining operating subsidy requirements, since this term embodies the concept of capacity and retains the important element of frequency of service which is as important in liner trades as capacity.

Since competitive factors in the bulk trades do not directly parallel the liner trades, the bill gives the Secretary of Commerce discretion with respect to the computation of subsidy for bulk carriers. He may compute bulk carrier subsidy on the same formula prescribed for liner operators or, if he finds that circumstances dictate a different formula, he may adopt such procedures as he deems necessary. It is important to note, however, that this discretion applies only with respect to bulk carrier operations in the classic sense of that term.

Your committee anticipates, Mr. Chairman, that the adoption of operating-differential subsidy for bulk carriers will lead to the elimination of the prevailing indirect subsidy which is now paid in the form of premium rates on AID cargoes. The premium rate system has been criticized justifiably by many of our colleagues in the past and by those agencies which administer the AID programs. There will be a transitional period, however, during which the premium rates will be gradually phased out, and during this time it is expected that the Secretary of Commerce will make every effort to see that our unsubsidized carriers successfully achieve this transition, particularly those who already have invested large sums of money to modernize their fleets without direct Federal aid.

With respect to the computation of operating subsidy under title 6 of the Merchant Marine Act, the bill introduces an important new concept. As I have indicated, wages are the principal element of operating subsidy. Under existing law, the Secretary of Commerce must find that the subsidized expenses of the operator are fair and reasonable in relation to what would be the cost if the subsidized ships were operated under the flag of a substantial competitor. This concept of fair and reasonable costs has involved the maritime industry and the Government in a prolonged dispute over wages and the manning of ships. These disputes involve many millions of dollars and have absorbed an inordinate amount of time and expense. To overcome this problem, the legislation introduces a wage index system and authorizes the Secretary of Commerce to compromise outstanding disputes under the fair and reasonable clause. While the existing legal rights of subsidized carriers with respect to outstanding claims will not be disturbed, it is expected that both the operators and the Government will find it mutually advantageous to settle these disputes as rapidly as possible. The wage index will provide a means of computing wage subsidy, the principal element of operating-differential subsidy, for reasonable periods of time.

Depending upon the date of enactment of this legislation, the Secretary of Commerce may begin the first cycle of the wage index on July 1 of this year. These cycles may run for a maximum of 4 years. However, it is expected that the first cycle will be for a period of 2 years.

The administration proposed to eliminate maintenance and repair on vessels constructed after January 1, 1970, as an element of subsidy, and to permit subsidized vessels to be repaired abroad if the operator chose to do so. After careful consideration of these amendments, your committee determined that the existing law should be retained in each instance.

Your committee also amended the operating subsidy provisions of the act to permit operators who currently have foreign-flag affiliations and who may apply for operating subsidy in the future to retain those foreign-flag affiliations for a period of 20 years after becoming such a contractor. The level of foreign-flag involvement, however, is frozen as of April 15, 1970. Contracts which were entered into by that date may be honored. This provision recognizes the fact that a number of highly qualified nonsubsidized operators have been compelled to build and operate ships under foreign flags because of the static nature of our maritime programs, particularly in the field of bulk carriage. These operators can make a substantial contribution to our maritime posture. Your committee believes it would be unreasonable to ask these carriers to give up overnight their foreign operations in order to qualify for participation in this new maritime program.

In this regard, Mr. Chairman, it should be recalled that this grandfather clause, as it is commonly called, is an amendment to section 804 of the act, which authorizes the Secretary of Commerce to grant waivers to enable carriers who have foreign-flag affiliations to participate nevertheless in the operating subsidy program. The effect of your committee's amendment is simply to grant a statutory waiver, the basic concept of waiver already having been firmly established in the 1936 act. The adoption of this amendment by your committee does not in any way disturb the basic waiver authority set forth in section 804.

The legislation establishes a Commission on American Shipbuilding which will be appointed by the President and will monitor the success of this program. The Commission shall submit to the President and to the Congress its report 3 years after the enactment of this legislation. This is a departure from past practices, Mr. Chairman, in which we have studied the maritime industry virtually to death without adopting any program.

Finally, Mr. Chairman, your committee determined that the importance of this program warrants the appointment of an Assistant Secretary of Commerce for Maritime Affairs. Section 36 of the bill, as reported, authorizes this position.

This comprehensive legislation, which might well be termed the "Merchant Marine Act of 1970," provides the foundation for a viable American-flag fleet for the next two decades. I urge its adoption.

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

Mr. MAILLIARD. I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, I thank the gentleman for yielding, and I commend the gentleman for his statement, and I am in thorough agreement with his statement and support the bill.

Mr. ROSENTHAL. Mr. Chairman, I am delighted to have this opportunity today to speak about the American merchant marine and the proposed Merchant Marine Act of 1970.

The American merchant marine has had a vital role to play in the growth of this Nation since the middle of the 17th century. Long before there was a U.S. flag, there was an American mer-

chant marine, sailing from Boston and New Bedford, New York and Philadelphia, Alexandria and Charleston, to the West Indies, throughout the Americas, and gradually the entire world.

The role was vital in the commercial sense, of course, for without these ships and the ability to export finished goods, this country would have remained totally dependent upon foreign nations for her industrial needs. But in a broader sense, let me speak of the American merchant marine's role as related to this Nation's security.

During the American Revolution, it was our merchant marine that braved the blockading warships to deliver the needed goods to the Continental Army and our populace. The same can be said of the 3 years during which the War of 1812 was fought.

The First World War was another time of great stress for the American merchant marine, which like our Navy, had been sadly neglected for several of the decades following our Civil War.

The contributions during the Second World War are well known to all Americans. The "Bridge of Ships" reaching into the Atlantic and Pacific theaters of operations carried millions and millions of our fighting men overseas and back, and was the lifeline for the untold tons of supplies and equipment that were so necessary for the successful prosecution of the war effort.

Despite these contributions, however, the American merchant marine was again sadly neglected after the war. Hundreds of wartime ships were sold during the late 1940's, most of which were then registered under foreign flags and returned to compete for American cargo. And compete they certainly did, with the percentage of our Nation's foreign waterborne commerce carried on U.S.-flag vessels declining from 57 to 6 percent in just over 20 years.

The disastrous effects of this long neglect became all too apparent by 1964 and 1965. There were simply not enough U.S.-flag ships available to move our military supplies to Southeast Asia. The Department of Defense first turned to foreign-flag ships for assistance, but found their crews to be unreliable at best. Thus, Defense was forced to turn to the mothballed reserve fleet, bringing out several hundred obsolete rustbuckets—with millions of dollars in refurbishing costs required merely to render them seaworthy—to supplement our merchant marine. How much more effective might our early efforts in Southeast Asia have been had there been a modern American merchant marine?

Fortunately, today there is good cause for optimism as to the health of our tried and true friend. The Merchant Marine Act of 1970 recognizes this long and proud history, and is specifically designed to remedy the many wrongs and defects I have briefly touched upon.

Mr. GARMATZ. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, as the ranking democratic member of the Committee on Merchant Marine I rise to support Chairman GARMATZ in urging the passage of this most vitally needed piece of legislation.

There have been numerous statements on the floor of the House over the past 4 or 5 years, outlining the sad state of our American merchant marine. Most Members are thoroughly familiar with the fact that over 75 percent of our merchant ships are in excess of 20 years of age; that the United States has fallen to a position of 13th among the shipbuilding nations of the world and fifth among the ship operating nations of the world; that the Soviet Union on the other hand, profiting by the lesson she learned by the missile crisis in Cuba, has set out to become a dominant maritime nation; and that for the last 5 years the Congress has been waiting anxiously for a maritime program which it could support.

Today we have before us a bill which will lay the groundwork for the construction over the next 10 years of 300 modern, productive merchant ships. The bill would extend to all segments of our fleet both construction and operating subsidies but would make drastic changes in the amounts of the subsidies in order to protect the interests of the taxpayer and hopefully to withdraw on a feasible basis, the necessity for subsidy assistance for the American merchant marine. At the same time, Mr. Chairman, if we are to become once more a leading maritime power, there are certain facts of life which we cannot disregard.

The American standard of living is the highest in the world, and we want to keep it that way. But this involves a price. The wages paid our shipyard workers, as well as the officers and crews on our ships, are 3 to 4 times as high as those of competing nation. If our ships are to carry goods in the foreign trades at competitive rates, the cost differentials represented by these wage rates must be offset by Government subsidy. True, American ingenuity may help. But, other nations are quick to adopt our innovations of maritime technology. Accordingly, it is doubtful that we will be able to completely eliminate the need for subsidy assistance in the American maritime industry.

At the same time, this country has come to greatness through sea power. And it will remain great only as long as we maintain a strong and virile merchant fleet composed of the best equipped, most modern ships which marine science can devise. We need ships of all types—break bulk, container, tankers, bulk carriers and passenger ships. We, in the Merchant Marine Committee, have every confidence that this bill will provide the mechanism by which our merchant marine will witness a new and dramatic advance in strength and vitality.

I should state at this point that there are no particular provisions included in this program with respect to passenger vessels. This is not to indicate any lack of interest in this problem by the Committee, but merely the fact that that situation is so different and so in need of special solution that it did not lend itself to treatment on the general basis provided in this bill for other types of ships. It is our hope that the Committee will be able to turn its attention to this problem as soon as possible.

The hour is late in our maritime destiny. Further delay cannot be tolerated. I urge, therefore, speedy passage of this bill so that the challenge which it lies down to the maritime industry which has been accepted by shipbuilders and ship operators can come to fruition in the form of a new modern merchant marine—one that all Americans can look to with pride for years to come.

Mr. GARMATZ. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. CELLER).

Mr. CELLER. Mr. Chairman, I am pleased to rise in support of this legislation.

Since the end of World War II, we have not served our merchant marine well, despite the fact that in war and peace, our merchant marine has been a bulwark for our Nation.

The tragic fact is that—until now—we have forced our maritime industry to swing sharply between feast and famine. There has always been a recognition of the need for ships in time of crisis. But, in the periods between wars, we have neglected this important segment of our economy and our defense. The result is that we have had crash shipbuilding programs in time of emergency, and we have ignored this industry in the periods of quietude.

Too few Americans realize the role which the merchant marine plays in time of trouble. Because we live in a supersonic age, too few Americans are aware that it has been the merchant marine which provided the lifeline for our forces in Vietnam—carrying 98 percent of the supplies and equipment, and two-thirds of the fighting men.

This was not an easy assignment. To carry out its role as our fourth arm of defense, this industry had to take ships out of the commercial trade, and the Government had to take the almost outworn, old World War II merchant vessels out of mothballs, so that we could keep open this lifeline which stretched across 6,000 miles of open water.

With this legislation, we are at last recognizing one of the basic facts of our national life: To have a merchant fleet in being in time of danger, we have to have a fleet in existence in peacetime, carrying our cargo and our flag to all of the ports of the world.

This is one of the few times in our Nation's history that we are doing something to revitalize the merchant marine without being under the pressures of a wartime regimen. This action inclines us to the view we are going to move back into position as one of the world's leading maritime powers—a position from which we have fallen so far in recent years.

I hope that the administration will give urgent priority to implementing the program which I know will be voted by the House today, so that we can move forward—with all possible speed—toward putting more and newer American ships into the commercial, naval, and military services of this country.

Mr. GARMATZ. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia (Mr. DOWNING).

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

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

Mrs. MINK. Mr. Chairman, I rise in support of House Resolution 15424, legislation which would reduce shipping costs in the noncontiguous trade including Hawaii and otherwise benefit the U.S. maritime industry. I urge my colleagues to adopt this much-needed legislation.

For many years the people of Hawaii have borne an unfair burden by being required to contribute in taxes to a national maritime program that subsidized ships in the foreign trade but not shipping between Hawaii and other States. As the only State completely cut off from alternative forms of surface transportation, Hawaii is forced to pay more than its fair share of transportation costs. This discriminatory policy still exists today.

Recently in Washington, representatives of Hawaii, Alaska, and Puerto Rico gathered to discuss with merchant marine labor and industry spokesmen ways to reduce the extremely heavy burden of the noncontiguous States and possessions. The principal recommendation made at this conference was that noncontiguous trade be given a "tax break" in the form of a tax-deferred construction reserve.

Last month as the distinguished members of the House Committee on Merchant Marine and Fisheries were about to meet in executive session to discuss the administration's proposed maritime legislation, I personally contacted and wrote to the members asking that the bill be amended to include this equity for the noncontiguous trade.

I am happy that the members of the committee responded to the urgent need by including this provision I requested.

The committee report on House Resolution 15424 states:

> Testimony before your Committee suggested that operators in the noncontiguous trade are sorely in need of assistance. While a few new vessels have been built for the noncontiguous trade, they have been built at full American costs and consequently, freight rates for those trades necessarily reflect the full cost of the vessel. This has a serious impact upon the economy of the noncontiguous States of Alaska and Hawaii, as well as Puerto Rico and the various possessions.

Under the provisions, shippers will be able to set aside a portion of their profits from noncontiguous trade in a fund from which withdrawals may be made to construct new ships for this trade. The fund would not be subject to tax. Thus shippers will be able to reinvest in trade to Hawaii and the result will hopefully be lower cost and improved transportation service to Hawaii.

I strongly support this bill, just as I have supported all legislation to benefit our maritime industry during my entire congressional service. The bill before us today in addition to the benefit for Hawaii will provide for a long-range merchant shipbuilding program of 300 ships over the next 10 years. This is the kind of program that is long overdue and should significantly reverse the alarming decline of our merchant marine fleet that has occurred during past years.

I support House Resolution 15424 and urge its adoption by my colleagues.

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

Mr. DOWNING. I yield to the gentleman from Minnesota, Mr. KARTH.

Mr. KARTH. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, with this being the first maritime week of a new decade and also the day for the reporting of the Merchant Marine Act of 1970, I think it most appropriate to reflect for a moment or two on one aspect of the maritime picture—the recent contributions of the American merchant marine to our Nation's defense efforts.

By 1964, the flow of men, equipment and supplies to Southeast Asia had already begun to tax the existing capacity of our merchant marine. I will only mention briefly that the strong fourth arm of defense of the 1940's had been sadly neglected during the ensuing two decades—and Mr. Chairman—the American taxpayer has been forced to pay a very dear price for that long neglect.

To obtain the necessary shipping capability in 1964 after existing resources were exhausted, the Department of Defense first turned to foreign-flag ships. I am certain that we all remember newspaper accounts of foreign crews simply refusing to sail to their assigned destinations.

Obviously then, foreign-flag fleets could not be counted upon to do the job so the Department of Defense then turned to the long-mothballed reserve fleet. This fleet, most of which had been laid up for 10 or more years, was largely composed of World War II-vintage Liberty and Victory ships. Each ship required extensive modernizing and refurbishing merely to make it seaworthy—the total cost to refurbish all of the ships that were finally reactivated runs into the millions and millions of dollars.

Of course, once the ships were reactivated, there were frequent breakdowns. They made only 10–15 knots at best, and one modern ship could have accomplished more, at less total cost, than any three of the reactivated ships. To some extent, Mr. Chairman, that is all water over the dam. The reserve ships were reactivated at a great cost, but they did assist our merchant marine and the job was done.

For the past 2 years, the Department of Defense has been gradually phasing the reserve ships out of the system. But not back into a mothball fleet—no, a great number of the reactivated fleet have been steaming directly to the scrap heap.

In short, if there ever is a "next-time," there will not be the hundreds of Liberty's and Victory's sitting there waiting a call. Rather, the entire burden will be placed on an existing American merchant marine.

The Merchant Marine Act of 1970 has been designed to accomplish many goals. One of those is to insure that our Nation has an effective, modern, reliable shipping capability available for meeting our national defense needs. I hope, Mr. Chairman that this particular aspect of the act will be given close attention—and great weight—by all Members of this House.

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

Mr. DOWNING. I yield to the gentleman from New York.

Mr. FARBSTEIN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I have had the honor of representing in my district the International Longshoremen's Union, and the National Maritime Union, dealing with shipping, for many years. There has been in the past a deterioration of American shipping, and this is something a great nation like ours cannot permit.

I understand that this legislation will provide for a long-range merchant shipbuilding program of 300 ships. This I fully support.

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

Mr. DOWNING. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, our new merchant marine program—H.R. 15424—hopefully has come just in time. We all know the irony that exists in our merchant marine today—on the one hand we have ships on the high seas or in the yards that are the world's most technologically advanced, and on the other hand, four-fifths of our overall fleet is antiquated and ready for mothballs. Without the new fleet revitalization program contained in this bill, we would not begin to have the "ship power" needed to handle the economic surge of this country in the next decade. Our foreign trade has grown by leaps and bounds. It hit the lofty peak of nearly $74 billion last year.

As you are aware, the Government has a stepped-up national trade expansion program underway. This ties in directly with ocean transport and a move to reduce the critical U.S. balance-of-payments deficit. U.S.-flag shipping has contributed a favorable impact on U.S. balance of payments by $7.3 billion in a decade. Commerce Secretary Stans gave dramatic proof of the industry's value in correcting the payments dilemma in recent testimony on the President's program. He said the "net cost" to the Government of modernizing the merchant marine under the Nixon blueprint would be "less than a half a billion dollars" over a 10-year period adding:

> We estimate that over the next 10 years this program would bring in approximately a $2 billion improvement in our international balance of payments . . . (and that) . . . by reason of increased employment and more profitable operations for the shipowners, tax revenues of the Government will increase somewhere between a half a billion and three quarters of a billion dollars.

Every country is growing, becoming more dependent on the other. Our country, as you know, is dependent on 66 of 77 imported strategic materials needed for American industry and our military machine. Our gross national product will increase by $500 billion in the next 10 years; our wealth will also increase by

50 percent in that time; our demands for goods and services will keep increasing as the country staggers toward a population of 300 million persons by the end of the century; and foreign trade and shipping will loom larger in the economic structure to supply finished goods and raw materials to keep our country moving forward.

The modern U.S.-flag fleet proposed under H.R. 15424 will be the economic lifeline between this country and the world marketplace. The result will be a much better balance of payments situation and our trade balance will be considerably strengthened.

As you are aware, virtually since World War II foreign shipping has dominated American ocean-borne commerce. In carriage of our foreign trade, the American merchant marine's percentage has plummeted in a 20-year span from over 42 percent to between 6 and 8 percent today. The competition has been fierce; some 44 new merchant fleets have come into existence since World War II. Ironically, while the rest of the world looked to the commercial sealanes to build and prosper, our Government ignored the longstanding national policy commitment to maintain a modern, well-balanced merchant fleet as a vital partner in the Nation's economic growth. Hopefully, this storm-tossed shipping era has passed. Our course—under H.R. 15424—charts us on a "sea of opportunity." A modern competitive merchant fleet flying the American flag is essential not only in expanding our foreign trade and our ties to our foreign friends across the world but will lead the way to a commercially healthier and more prosperous America.

Mr. BURKE of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DOWNING. I yield to the gentleman.

Mr. BURKE of Massachusetts. Mr. Chairman, I have frequently expressed my grave concern about the decline of our American merchant marine. Today, with the passage of this new maritime program legislation in the House, my concern has been supplanted by great optimism that we have concluded another important step in restoring this Nation to its rightful position on the high seas. I am particularly encouraged by the several portions of the program that are designed to encourage the building of vessels in American shipyards, the registering of the vessels under the American flag and the manning of these ships with American crews.

I would like to call attention to one particular segment of our maritime industry of which our entire Nation can be quite proud—these are the gentlemen, the geniuses of the maritime industry, the American architects and engineers who have created new designs of vessels which are technologically superior to those designed anywhere else in the world. This new program will permit their best efforts to be built in American yards rather than foreign yards, as unfortunately was the first American-conceived and American-designed LASH vessel.

American marine architects and engineers have achieved a major technological breakthrough unequaled in the last century of shipping. The new maritime program will increase our research and development efforts to insure that the United States stays technologically ahead in this field so important to U.S. commerce and balance of payments.

In the past the American maritime industry has taken great initiative to develop revolutionary ocean transportation concepts. The U.S. cargo liner industry has been the world's leader in ship automation. Its replacement ships, built under the 1936 Merchant Marine Act, featured increased speeds of 25–27 knots, pushbutton cargo handling gear, automatic tension winches, specialized installations developed for the carriage of cargo, plus many, many other innovations. Possibly the most startling breakthroughs are the containerships and the sea barges which provide the capacity of a number of conventional freighters. One survey by the American Institute of Merchant Shipping showed that 69 container or barge ships would have a carrying capacity equaling that of 259 fast, modern C–4 cargo ships.

The new maritime policy expressed in this legislation, in connection with statements by the administration, indicate efforts to increase the rate of American cargo carried on American vessels from a current low of 6 percent of our total cargo to a high of 50 percent over the next several years. To carry that amount of our own cargo would require that the U.S. fleet add 289 more container vessels and sea barges of the Seabee and LASH types in the next 6 years.

Our maritime architects and engineers have contributed much in making possible this effort at restoration of our American merchant marine, and we should all take great pride in their accomplishment.

Coming from one of the great shipbuilding areas of the world, Quincy, Mass., where the General Dynamics Fall River Shipyard is located, I support this bill with enthusiasm. Bethlehem Shipbuilding also has a large shipbuilding repair yard located in East Boston. Both of these yards are well equipped with the experienced workers, technicians, designers, and engineers. Yes, I can predict with confidence that my State will be able to continue their great contribution toward the buildup of our U.S. merchant marine.

Mr. DOWNING. Mr. Chairman, I think this legislation is the dawn of a new era in the maritime history of this country and we should welcome it.

With this legislation, I sincerely believe that we can reverse the decline of the merchant marine, which some of us have been witnessing for the past 10 years.

This legislation, if it is successful, is the culmination of the hard, patient, and dedicated work of men and women on both sides of the political aisle over a long period of time.

I must admit there were times when we were filled with frustration and despair. Now we have it and it is good legislation which will provide the country with the merchant marine that it needs as we go into the 1980's. I am convinced of the merits of it, and certainly the committee is.

Mr. Chairman, we went into this thing deeply and thoroughly even though we had gone into it year after year previously.

After the Presidential message, our committee met and held 13 executive sessions and at least 10 public sessions. We heard innumerable witnesses who offered their constructive advice and constructive advice it was. We compiled over 800 pages of testimony. This legislation was reported unanimously by the full committee and we commend it to this body and to the American people with every bit of pride at our command.

It is a complicated bill and it has to be studied carefully. It is the best bill that we can present at this time.

I intended to go into one section of it which may require a little explanation.

One of the provisions in the bill now being considered to which the Merchant Marine and Fisheries Committee gave a great deal of thought and to which objection is still being raised is the so-called grandfather clause in section 21. I should like to explain the reasoning behind the committee's action with respect to this provision.

As you know, the Merchant Marine Act of 1936 first gave rise to the system of operating subsidy. Subject to a number of terms and conditions, companies operating in the liner trades of the United States, were eligible to apply for an operating differential subsidy which was designed to meet the difference in the cost of operation between American and foreign-flag ships. One of the conditions spelled out in the 1936 act for this type of aid concerned ownership or affiliation of the applicant with foreign-flag vessels competing with American vessels. Thus, section 804 made it unlawful for any operating subsidy contractor to have any interest, directly or indirectly, in foreign-flag vessels.

Section 21 of this bill would permit applicants for operating subsidy to retain interests in foreign-flag shipping as they exist on April 15, 1970 for a period of 20 years. Quite obviously, this relaxation of the 1936 act requirement calls for an explanation.

As I have stated, operating aid was available heretofore only for liner-type service, that is, companies operating freight vessels on regular routes and fixed schedules. One of the principal features of this bill is to extend that type of aid to bulk carriers and tankers.

For the past 34 years, and for that matter, prior to that time also, any American company who wished to operate a bulk carrier or tanker commercially in the foreign trades necessarily had to put his ship under a foreign flag. Otherwise, he could not pay wages consistent with the American standard of living and still compete at the same freight rate with the vessels of other maritime nations of the world. In other words, he had no place else to go but to the ownership of foreign-flag vessels.

Now, if this bill is to succeed in the encouragement of the construction of 300 vessels over the next 10 years, and if it is to succeed in its purpose to revitalize the American merchant marine, we must do everything possible to encourage American owners to seek out its provisions and to build ships. If we were to require as a condition precedent to eligibility the complete divestiture of all foreign-flag interests, the program would be doomed to failure because those shipowners would not build ships in U.S. yards. We must recognize the facts of life. We must appreciate that those owners had no place else to go. And, regardless of what we think about desirability of American ownership of foreign-flag vessels, we must permit those owners to phase out their foreign ships over a period of years.

At first, we thought that 10 years might be sufficient. But the committee determined that a number of these owners have comparatively new ships which they could not be expected to sell when less than half of the economic life of the vessel had expired. Thus, we became convinced that we should face this problem realistically and provide for a 20-year period.

Bear in mind, Mr. Chairman, that in the long run, the ultimate purpose of this provision is to freeze foreign-flag interests of these owners at their present level. Hopefully, 20 years from now, there will be sailing the high seas not only liner ships but bulk carriers and tankers flying the American flag in place of those now flying the flags of Panama and Liberia, as well as those of other countries.

One of the other features of this program is to accomplish this shipbuilding at minimum cost to the Government. And in turn, one of the important ways the bill seeks to achieve this purpose is by reducing, over the next 5 years, the amount of construction differential subsidy to be paid by the Government.

Under existing law, the Maritime Administration is authorized to pay up to 50 percent of the cost of a vessel constructed in a U.S. shipyard, where it is established that such a percentage represents the difference in cost between building the vessel here and building it in a representative foreign shipbuilding center. However, in recent years, this percentage has been increased to 55 percent by way of temporary legislation, which is now due to expire on June 30 of this year. The present bill provides a series of target differentials for the Government's contribution beginning at 45 percent for the fiscal year 1971, and then dropping 2 percentage points a year until it reaches the level of 35 percent for fiscal year 1976.

Obviously, this presents a challenge to the shipbuilding industry to reduce its cost so that these target differentials will be met. And, naturally enough, there has been some doubt expressed as to whether such a drastic reduction can be accomplished in the time frame set forth in the bill. However, the President of the Shipbuilders Council of America, speaking on behalf of that industry, stated before the Merchant Marine and Fisheries Committee that the industry supports the President's proposal and accepted the President's challenge.

The shipbuilding industry requested, however, a number of changes in the bill which would facilitate their effort in meeting these construction differential percentage targets. For example, they asked for an expression of congressional intent calling for the construction of 300 ships over the next 10 years. In this the committee concurred and included specific language to that effect. The shipbuilders also asked for authority to negotiate directly with the shipowner. This the committee granted as an alternative to competitive bidding. Other similar modifications designed to enable the shipbuilders to reduce construction costs were likewise provided for in the bill. One significant request that was not granted in full was one to require that all articles, materials and supplies required for the construction of the vessel be procured in the United States. This refers to the buy American provision of the bill.

The Merchant Marine Act of 1936 does require that all articles, material or supplies used in the construction of a vessel upon which construction subsidy is paid, shall be of the growth production or manufacture of the United States. However, 34 years ago, this country was in the midst of a severe depression. Many of our laws enacted at that time were designed to stimulate industrial recovery here in the United States. Many of these same laws have now been repealed. But, unfortunately, the shipping industry has been left subject to restrictions which apply to no other segment of the transportation industry.

The bill before you does require that all major components of the hull and superstructure, and any material used in the construction thereof, shall be of domestic origin. But, all other articles, materials and supplies used in the construction of the vessel may be procured abroad.

Military vessels, to a very considerable extent, may be built with foreign components. And, more significantly, vessels built exclusively for the domestic trade under the Merchant Marine Act of 1920 may be built with foreign components. It seemed to the committee, therefore, having in mind the overall objective of reducing to a minimum the Government's contribution to this building program, that as much flexibility as possible should be granted to the shipyards, with respect to the procurement source of the components going into the vessel.

The shipyards are not hurt—the shipworkers are not hurt, and the Government could greatly benefit by this relaxation of the buy-American requirement. It was, therefore, the considered judgment of the Merchant Marine Committee, after lengthy and careful consideration, that the administration proposal to relax this principle, as far as merchant ship construction was concerned, should be approved.

I am aware that objection to the committee's action on this subject has been raised in some quarters. However, it should be understood that there is nothing in this bill which requires that any of the articles, materials or supplies used in the construction of a vessel be procured abroad. And the chances are that shipyards will continue to procure such articles, materials, and supplies here in the United States so long as the resulting cost of the ship falls within the target differentials set forth in the bill.

Mr. WHITEHURST. Mr. Chairman, the first step in the reconstruction of the U.S. merchant marine was taken last week when the House overwhelmingly approved the appropriation of nearly $400,000,000 for the construction and operation of 19 new U.S. merchant vessels. I hope the second step is taken today, and the House passes H.R. 15424, the Merchant Marine Act Amendments of 1970.

The legislation we are considering today, will implement the first year of the President's 10-year program which calls for the construction of 300 new U.S. merchant vessels. This program reverses the governmental neglect that has allowed the country's merchant marine to fall from the position of leadership it held following World War II.

Of the 967 flag vessels we have today, only 650 are engaged in foreign trade, three-fourths of which are in excess of 20 years of age. These 650 vessels in terms of cargo potential represent only 228 contemporary ships and is the reason the United States is now only fifth in world shipping. If we continue with our current shipbuilding policies, these 228 vessels will shrink to 203 by 1980. If, however, we adopt the administration's program as outlined in this legislation, our merchant marine will number 344 by that time.

Another aspect of this program is benefits that will accrue to seafaring labor. If we do not adopt this program and continue with our current policy, there will be a net loss of over 10,000 seafaring jobs by 1980.

Mr. Chairman, the Federal Government cannot carry the load alone. Management and labor will have to contribute their energies and labor and be concurrently responsive and forward looking. The production challenges contained in the realization of goals set by this administration are both formidable and promising. They provide fresh opportunities for management proficiency, operational manpower stability, technological advancement and better earnings by all concerned.

Mr. Chairman, I am sure I am not alone in having a few reservations concerning some of the provisions of this legislation, particularly as pertains to the liberalization of the "Buy-America" clause, and the granting of construction subsidy assistance to owners of foreign-flag vessels.

However, all in all, it is an excellent piece of legislation and deserves our wholehearted support.

Mrs. GREEN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. DOWNING. I yield to the gentlewoman from Oregon.

Mrs. GREEN of Oregon. Mr. Chairman, I wish to associate myself with the remarks made by the gentleman from Virginia. As reported, the Com-

mittee on Merchant Marine and Fisheries did not approve one provision in the original bill concerning the operating subsidy provisions. This provision concerns the proposed elimination of operating subsidy with respect to vessel maintenance and repair. The net effect of the committee action is to leave the existing law as it is.

Since 1936, this item has been one of those upon which subsidy is paid measured by the difference in cost between having the work done here in the United States and having it done abroad. The administration felt that subsidy for this item could be eliminated with respect to vessels constructed on and after January 1, 1970, without serious damage, either to operators or to shipyards. I disagree.

In recent years, the subsidized operators have spent approximately $43 million a year on maintenance and repairs, and the Government's contribution by way of subsidy has been about $13 million. This is a comparatively small amount when viewed in the context of the overall subsidy program.

The committee felt that the elimination of subsidy for maintenance and repair could have a serious effect upon the welfare of the "small business" segment of the shipbuilding industry. The construction of the 300 ships will probably take place in the large shipyards of this country. However, we have many smaller yards which rely entirely upon maintenance and repair work. Although these yards probably would continue to get much of this work even if American operators were free to have their repairs made abroad, the committee in its wisdom—and I fully agree with them—decided that we should not run the risk of substantial damage to the repair yards in this country. Hence, the committee deleted the provision in the bill which would have eliminated the payment of subsidy for maintenance and repair work performed in U.S. ship repair yards, and I think this was a wise decision.

I must say that I am very pleased with these changes that the committee made in the original bill with regard to the subsidy for the ship conversion yards, and while the "Buy American" provision may not be as strong as I would like in the bill, yet I am glad to see that the change was made. I am very much in favor of this legislation.

Mr. DOWNING. I thank the gentlewoman.

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

Mr. DOWNING. I yield to the gentleman from North Carolina.

Mr. LENNON. Mr. Chairman, others have emphasized the need to build up our merchant marine fleet and the need to expand our shipping on the Great Lakes, in the noncontiguous trade, and in our fisheries. As a result, I shall not dwell on this aspect of the problem. Instead, I thought it might be useful if I outlined in general terms what is probably the principal feature of the bill in terms of stimulating the growth of the American-flag merchant marine and in increasing shipbuilding in the U.S. shipyards.

I am, of course, referring to the section of the bill which extends to unsubsidized American-flag operators the privileges of tax deferral of income taxes on earnings deposited in a reserve fund, now generally available only in the case of subsidized ship operators. Generally, this tax deferral privilege is available only if the balances in the reserve funds are invested in vessels constructed in the United States.

This tax deferral I have referred to is made possible under the bill by deposits in a "capital construction fund."

Earnings and depreciation from all vessels used in the foreign or domestic commerce of the United States or in the fisheries of the United States may be set aside in this reserve fund without the payment of any income taxes on these deposits. Amounts in this fund then may be withdrawn without tax consequences to acquire vessels to be used in foreign trade—both the unsubsidized as well as the subsidized foreign trade—in the Great Lakes trade, in the noncontiguous domestic trade—such as that with Alaska, Hawaii, and Puerto Rico—and in the fisheries of the United States.

To be eligible for the tax deferral treatment I have described, a citizen of the United States who owns or leases vessels must enter into an agreement with the Secretary of Commerce to establish one of these capital construction funds. The agreement with the Secretary of Commerce is to prescribe the conditions and requirements under which deposits in the fund are to be used for constructing or acquiring vessels. Generally, the vessels which may be acquired without tax consequences with money from this fund are those constructed in the United States, documented under U.S. laws, and operated in U.S. foreign, Great Lakes, or noncontiguous domestic trade or in the fisheries of the United States. The fund may also be used to pay off mortgages incurred in connection with the construction of these vessels.

Under the present provisions of the Merchant Marine Act of 1936, this tax deferral privilege is available only in the case of subsidized vessels in the foreign trade of the United States. This bill makes the tax deferral privilege available on a much broader basis. As I have indicated, it will be available for ships constructed for the nonsubsidized foreign trade, the noncontiguous trade with Alaska, Hawaii, Puerto Rico, and so forth, the Great Lakes trade and also ships constructed for use in the fisheries.

This will substantially expand the availability of this tax deferral privilege. In addition, this act sets forth in much more specific terms than did the Merchant Marine Act of 1936, the specific statutory rules which are to apply to the shipping companies making use of the tax deferral privilege. Under the prior law, there were only 13 subsidized shipping companies who made use of this tax deferral privilege and in these cases the Treasury Department has been able to administer the fund through closing agreements signed with each company. This process is essentially one of negotiations—an unsatisfactory process at best, especially where some companies have closing agreements less favorable than those applying to competitors. This bill's expansion of the availability of the tax deferral privilege, however, makes it impractical for the Treasury Department to continue the practice of signing closing agreements with each company. For this reason, the bill provides a more specific statutory framework for determining the tax status of deposits into and withdrawals from the fund. This aspect of the bill in placing into the statute the tax laws, as they apply to those using the tax deferred reserve fund, is a significant advancement made by this bill.

In general, the tax deferred reserve fund operates to allow withdrawals to be made from the fund without payment of tax for the purposes of acquiring vessels to be used in the specified types of trade. When amounts are withdrawn from the fund for other purposes, however, they are subject to tax in the year of withdrawal, unless they represent withdrawals of capital items, such as funds representing depreciation reserves deposited into the fund. An interest charge generally is imposed on the amount of the tax imposed in these cases, computed from the year of deposit to the year of withdrawal from the fund. This is not a penalty but merely is intended to restore the amount to the approximate tax status it would have been in if there had been no tax deferral in these cases.

In the case of the subsidized companies who, at present, have tax deferred reserve funds, the committee concluded that they should be allowed to maintain their existing funds until the normal expiration of their current agreements. The bill provides, however, that these companies may establish new funds under this bill at any time they desire and transfer the amounts held in their existing funds over to these new funds.

While this is a very general statement with respect to some very explicit tax provisions in the bill, nevertheless, I think it shows you, in general, how these provisions will work. In my estimation, these are highly significant provisions and will do as much as anything in the bill to expand our merchant marine and also to revitalize the shipbuilding industry in the United States.

Mr. LONG of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. DOWNING. I yield to the gentleman from Louisiana.

Mr. LONG of Louisiana. Mr. Chairman, the bill before us today is the culmination of many months, in fact years, of plain hard work on the part of a number of people. The members of the Merchant Marine and Fisheries Committee have heard many witnesses and studied a great volume of evidence pertaining to the great need of this country for a revitalized merchant marine.

The right formula for reversing the trend of our merchant marine fortunes was, indeed, difficult to come by. Previous administrations made efforts which although well intentioned fell far short of

providing what we here in Congress felt was the proper program. President Nixon outlined the goals during the campaign and then shortly after election set in motion the machinery to devise the ways and means by which those goals might be accomplished.

This is a complex industry, Mr. Chairman, composed of many diverse elements and segments. It is almost impossible to achieve agreement even in general principle upon any one set of proposals. Yet, the program which is encompassed in this bill has come as close to receiving approval from all segments of the industry, labor and management as any maritime program in the past 35 years.

It is true that there are still one or two provisions in this bill with which there exists some discord. However, I want to assure this body that each and every provision, each and every argument—pro and con—was thoroughly and meticulously considered during the course of our deliberations. No stone was left unturned in our effort to arrive at the best possible vehicle for rebuilding our merchant marine. The bill before you today is the product of our best judgment. If, as time goes on, and experience develops under this program, some changes appear to be required, I am sure this committee will be prompt to act.

In conclusion, Mr. Chairman, this bill was considered over a period of 6 months by many representatives of various departments in the executive branch of the Government, and has been, as I have indicated, the subject of many hours of hearings before the Merchant Marine and Fisheries Committee. I would hope, therefore, that this most vitally needed piece of legislation will be approved by an overwhelming vote.

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

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

Mr. FEIGHAN. Mr. Chairman, I wish to congratulate the very able and distinguished chairman of the full committee, as well as my other colleagues who have brought this fine piece of legislation to the floor, a measure which I think is in the category of being a landmark.

I wish to congratulate also the gentleman in the well for his tremendous contribution to the work of the Merchant Marine and Fisheries Committee, of which I am proud to be a member.

Mr. Chairman, I endorse wholeheartedly the passage of H.R. 15424. It has the support of not only the administration, but of all the members of the Merchant Marine and Fisheries Committee.

We have allowed our merchant fleet to deteriorate until today—we are only carrying about 6 percent of our seaborne export-import tonnage. It is frightening to consider the potential impact of deterioration, if allowed to continue, of our world commercial position, and even more frightening as to our national defense posture in the event of a large-scale war.

This bill as reported to the House floor by the committee will reverse the downward trend in our merchant fleet capacity. It provides for a 10-year shipbuilding program of 30 modern type ships per year. These ships will be constructed in U.S. shipyards and contribute to their ability to modernize and expand. Today, we only rank 13th among world nations in commercial ship construction, and this vital segment of our national defense posture must be restored to a position of readiness in the event of national emergency.

I am especially pleased that the bill as reported by the Committee on Merchant Marine and Fisheries recognizes the Great Lakes as a full partner with the other seacoasts of the United States in our maritime affairs. The bill does this in several important respects.

First, it specifically recognizes the Great Lakes as the fourth seacoast of the United States. When the basic maritime legislation passed in 1936, there was no St. Lawrence Seaway. Therefore, ships in the Great Lakes could not engage in our foreign commerce as ships do which move from ports on the other coasts. The opening of the St. Lawrence Seaway has changed this so that the heartland of the United States can be reached with ocean-going vessels.

Second, the basic maritime law would be amended to remove a prohibition against Great Lakes operators participating in the subsidy support programs under the Merchant Marine Act of 1936.

Most important of all, the bill as reported would extend to ship operators in the Great Lakes the same privilege as is being extended to operators on the other coasts to deposit earnings and other income into a tax-deferred construction fund to build new ships. As is well known, our Great Lakes fleet is old by any standard. It is absolutely essential that this fleet be replaced if we are to have maritime commerce on our Great Lakes. I am most pleased, therefore, that the tax-deferred benefits proposal has been extended to operators in the Great Lakes so they may have a fair opportunity to replace these old ships.

Recognition of the needs of the maritime industry on the Great Lakes has been long in coming. H.R. 15424 at long last recognizes this need. Accordingly, I fully support the bill as amended and reported by the committee and urge its approval.

Mr. DOWNING. Mr. Chairman, before yielding back the remainder of my time, I wish to compliment the chairman of the committee, the gentleman from Maryland (Mr. GARMATZ), and also the ranking minority member, the gentleman from California (Mr. MAILLIARD), for what I think is an outstanding piece of work. It took patience, it took wisdom, and they certainly provided the committee with those qualities, and under their leadership the rest of the committee, on both sides of the aisle, really went to work and did the best they could in producing this legislation.

Mr. MAILLIARD. Mr. Chairman, I yield 5 minutes to the gentleman from Washington (Mr. PELLY).

The CHAIRMAN. The gentleman from Washington is recognized.

Mr. PELLY. Mr. Chairman, I rise to express my enthusiastic support for H.R. 15424, which carries out the legislative recommendations of President Nixon to revitalize the American merchant marine.

I take great pride in the fact that President Nixon announced his commitment to restore our merchant marine to its rightful position on the high seas in my city of Seattle, Wash., on September 25, 1968. That statement is a concise and well-documented indictment of this Nation's failure to recognize the vital importance of our merchant marine to our economic growth and our national defense. Unlike so many other statements on our merchant marine, however, it does not simply record our failures. It offers, rather, solutions and points the way to the future. Under unanimous consent previously obtained, Mr. Chairman, I insert a copy of President Nixon's speech at this point in the RECORD:

RESTORING THE UNITED STATES TO THE ROLE OF A FIRST-RATE MARITIME POWER

TOWARD A REVITALIZED MERCHANT MARINE

The maritime industry of the United States has been permitted to decline to a point at which the nation's defense and economic welfare are imperiled.

The policies of the present Administration have put us on a course toward becoming a second-rate seapower.

Seapower is the ability of a nation to project into the oceans, in times of peace, its economic strength; in times of emergency, its defense mobility.

Seapower is composed of all those elements enabling a nation to use the world ocean advantageously for either trade or defense—its navy, its merchant shipping, its shipbuilding, its fishing, its oceanographic research, and its port facilities.

Even a cursory examination of the United States seapower today makes it clear that our present course has been wrong.

Two-thirds of the Navy's tonnage now afloat was designed during World War II to meet the conditions of that time. The replacement needs of the United States Navy are so great that last year the Secretary of the Navy stated that the Navy needs to build a ship each week for the next 10 years just to keep up.

Our fishing fleet is composed of some 13,000 vessels, most of which are too small and too old for efficient operation. Some 60 percent are more than 20 years old.

Our shipyards have suffered under misguided federal policies which have given them no incentive to increase productivity, to adequately update plant facilities or to introduce new technology.

In oceanographic sciences we have only begun to pierce the surface.

Almost every day a ship leaves the Soviet Port of Odessa with cargoes for North Vietnam. An estimated 80 percent of the materials used by the enemy in Vietnam arrives in Soviet merchant ships. More than 97 percent of all supplies used by the Allied troops in South Vietnam also moves by water, most of it aboard old ships flying the U.S. flag but which are no match for the modern Soviet merchantmen.

Two-thirds of our merchant ships are beyond their economically useful age. By contrast, half the Soviet fleet is less than 5 years old.

The Soviets are adding at the rate of 100 ships or about 1 million tons per year to their existing 1,500 ship fleet.

By contrast, the United States now has an active privately-owned merchant marine of fewer than 1,000 American flagships. We are producing less than 15 ships a year, and we

have built only some 300 American flag merchantmen since the end of World War II. In less than a decade, erosion will reduce our fleet to one-third of its present inadequate size unless change is forthcoming.

In the early 1970's the Soviet Union not only will surpass us in number of ships but also in the quantity of goods they can transport on these ships.

They would not hesitate to use this growing economic power as part of their global strategy. At this very moment, the Soviets have created a rate war to undercut the British on the route from Australia to the United Kingdom and Europe.

Apart from its absolute size, our merchant fleet is dramatically unbalanced. The most glaring deficiency is in the dry bulk carrying segment, which is woefully inadequate in lift capability in spite of the vast export and import trade of this country in commodities of this type—imports of raw materials on which this nation's productive capacity depends—exports of farm products that feed the hungry of friendly nations.

In the face of these conditions, there is today in the executive branch of our government a shocking de-emphasis of our national maritime efforts. Continuation of such a lack of interest could only result in making the United States a second-class seapower during the 1970's and beyond.

If we permit this decay to continue we will find that we have abdicated our maritime position to none other than the Soviet Union. Even now their modern merchant fleet ranks sixth in the world—just one place behind our own much older fleet.

In 1965, the present Administration promised to recommend a new policy for our merchant marine.

But the Administration has failed to present a cohesive program to restore the United States as a maritime power.

The void between promise and action of the past four years has halted maritime progress. Our fleet carryings have declined to record lows, our balance of payments has suffered, vessel obsolescence has multiplied, and our ability to meet our maritime commitments overseas has decreased alarmingly.

Nuclear merchant vessel propulsion, which offers an encouraging possibility, is ready to be junked by the present Administration—this in spite of the long lead we developed in this field during the Eisenhower years with the Nuclear Ship Savannah.

Only through new and advanced technology can the American merchant marine minimize its competitive disadvantage with other merchant fleets. The same holds true in other components of seapower: naval, oceanography, fishing and port facilities.

COMMERCE

Only 5.6 percent of the U.S. trade is carried on U.S. flagships. This is the lowest since 1921.

Soviet flagships already carry more than 50 percent of Soviet cargoes; Sweden, 30 percent of her own commerce; Norway, 43 percent; Great Britain, 37 percent; France, 48 percent; and Greece, 53 percent. Japan is carrying 46 percent right now, but Japanese shipping policy has prescribed that by 1975, the Japanese flag merchant marine should carry 60 percent of Japanese exports, and 70 percent of Japanese imports.

These nations have determined that a high degree of reliance on their own shipping resources is important to their own self-interest. We have not.

To state it bluntly, our trade is predominantly in the hands of foreign carriers, some of whom may be our trading competitors. We must have more control over the movement of our own cargoes not only for competitive reasons, but also because of the contributions our ships make to our balance of payments.

The stability of the dollar is vital to the whole free world. Increasing our exports is probably the healthiest method of removing our balance of payments deficit.

Exports of those services as well as goods, therefore, is essential to increase U.S. flag participation in our overseas shipping as part of our export promotion policy.

This cannot be done with our present fleet or under our present maritime policy.

SHIPBUILDING

Continuing neglect of vessel replacement has led to an antiquated current fleet.

The new Administration's maritime policy will seek a higher level of coordination between naval and merchant shipbuilding.

In that way we can create a climate in which shipbuilding can attract the capital, as well as the stable labor force, needed to make it competitive with foreign yards and to provide an expansion base for national emergencies.

In turn I would expect initiative and cooperation from both industry and labor. Throughout the maritime industry, a new outlook must be encouraged to replace the current divisiveness and short sightedness.

Until such time as American yards can be independently competitive, I recognize that shipbuilding subsidies are necessary to enable shipyards to build ships and deliver them to operators at competitive world prices.

We must set as our goal a sharp increase of the transport of U.S. trade aboard American flagships. The present rate is 5.6 percent; by the mid-seventies, we must see that rate over 30 percent and the growth accelerating.

I support a building program to accomplish this objective.

In keeping with the traditions of private enterprise, our efforts will be directed toward the creating of a favorable shipbuilding environment through a better use of credit facilities and amortization procedures. The use of long-range government cargo commitments should be explored as a means to stimulate unsubsidized financing of ship construction.

Shipbuilding is not all financing and steel. This is an industry where many of our hard-core unemployed, and those whose jobs are displaced by automation, might be channeled and trained. During World War II, the United States established records for turning out nearly 6,000 merchant ships. Many of the people who participated in achieving these records had been classified as "untrained." This should serve as an example to us today.

OPERATING SUBSIDY

Since the Merchant Marine Act of 1936 was passed, we have been living with an operating subsidy system. The system has been aimed primarily at removing the wage-cost disadvantage of the American operators who must pay seamen under U.S. working standards and levels of living.

The subsidy system has had its shortcomings. It has been extended exclusively to liner operators in the foreign trade; it has grown more costly; it has not created a modern merchant fleet even among its recipients nor has it had as a basic ingredient enough reward for increasing efficiency.

I propose, therefore, an immediate re-evaluation of this program, in consultation with industry members and labor representatives, with the goal of providing more incentives for productivity.

The unsubsidized sector of our merchant fleet must be given attention, so that it, too, can replace its deteriorating fleet in the immediate future. Included in this category are those who carry farm products to the underdeveloped nations, and the Great Lakes operators who daily face competition from their government-assisted Canadian counterparts.

Although the Eisenhower Administration provided the United States with a fourth seacoast through the St. Lawrence Seaway, the present Administration has chosen to turn its back on this inland network of water transportation.

Certainly these segments of our merchant marine can be stimulated by tax incentives and cargo assistance. The United States, in turn, can expect them to make a capital commitment in new ships and facilities.

OCEANOGRAPHY

This Administration has paid too little attention to the new opportunities that science and technology can open beneath the surface of the sea.

New leadership will stimulate exploration and scientific study of the ocean depths, bringing to light hidden resources. And, we must never lose sight of the importance of oceanography to our nation's security.

My Administration will make full use of the Marine Resources Engineering and Development Act passed in 1966. That Act established a cabinet-level council and a study commission, which I will ask next year to submit to the new President and to the new Congress recommendations for bringing about a unified effort in the field of marine sciences and engineering.

FOOD FROM THE SEA

The present Administration also has permitted a deterioration in our seafood industry. Under new leadership we may discover beneath the sea a food supply that will satisfy the growing needs of humanity.

In 1957 the U.S. imported only one-third of all the seafood we consumed. Today that figure has jumped to a startling 71 percent. In 1938 the U.S. ranked second to Japan in the amount of fish it caught. By 1965 the U.S. had slipped to 5th place, passed by Peru, Japan, Communist China and Russia, in that order. During this period, Russia more than tripled her catch, and Japan almost doubled hers, while the U.S. catch remained about the same.

This reflects a failure of our existing federal programs to encourage the fishing industry to modernize fast enough so that it can counter foreign competitors. Meanwhile, Soviet trawler fleets virtually dominate the Grand Banks off our shores. These trawlers have a multiple capacity—fishing and oceanography and electronic snooping.

At the present time, there is not one modern long-range trawler in service in the U.S. fleet. While the fleets of other countries roam the oceans, our fleets too often can only hug the coastlines.

The maritime policy of the new Administration will be to accelerate the technological improvements which we know can be achieved today in our fishing industry to make it competitive world-wide.

PORTS

Federal maritime policy must recognize not only how essential the fleet is, but also how essential are the facilities and capabilities to handle the fleet's cargo.

Cooperating with local port authorities, the new Administration will encourage further modernization and development of our existing port facilities to meet the needs of the future.

SUMMARY

All our goals will not be accomplished overnight. Restoring the U.S. to the role of a first-rate maritime power requires the cooperation of management, labor, local port authorities, and government; but the leadership for a national policy can and will come from a new Administration.

To overcome the present maritime crisis, I recognize that we have an opportunity and an obligation to reverse the gross deficiencies that have marked the present Administration's performance in this field.

We shall adopt vigorous research and de-

velopment programs designed to harness the latest and best technology to the needs of our maritime fleet.

We shall adopt a policy that recognized the role of government in the well-being of an industry so vital to our national defense, and stimulate private enterprise to revitalize the industry.

We shall adopt a policy that will enable American flagships to carry much more American trade at competitive world prices.

The old ways have failed, to the detriment of the seamen, the businessmen, the balance of payments and the national defense.

The time has come for new departures, new solutions and new vitality for American ships and American crews on the high seas of the world.

In October 1969, President Nixon submitted to the Congress his message on the merchant marine. In it he stated:

It is my hope and expectation that this program will introduce a new era in the maritime history of America, an era in which shipbuilding and ship operating industries take their place once again among the vigorous competitive industries of this nation.

Beginning in January, your Committee on Merchant Marine and Fisheries has studied in depth every facet of the President's maritime program and the implementing legislation embodied in H.R. 15424. We have received testimony from every segment of the maritime industry representing shipowners, shipyards, and the seafaring and construction unions. All segments of the industry have made constructive recommendations to the committee. This is, however, the President's program, and the bill as reported by your committee reflects his recommendations in all significant respects. The amendments which we have adopted have been drafted and refined in close cooperation with representatives of the administration. As in the case with every major piece of legislation, many proposals urged upon the committee could not be accommodated. Nevertheless, I am convinced that H.R. 15424, as reported, will be received by the industry, and that the industry will accept the challenge laid down by the President.

Seattle, of course, is one of the principal gateways to the State of Alaska and to the Far East. It is also the home of a substantial fishing industry. This legislation will greatly benefit each of these important areas of our economy. I am sure my colleague, the gentleman from Alaska (Mr. POLLOCK), will join me in endorsing the committee's amendment to the tax deferral provision of the bill, which will permit operators in the trades between the lower 48 States and Alaska to establish capital construction funds. This will, of course, substantially improve their position with respect to the investment of capital in new ship construction and in the modernization of existing fleets. It should be noted that the oceangoing barge operations which have become so significant in the Alaskan trade will be eligible to participate in this program. Considerable interest has been shown in the movement of Alaska natural gas to Hawaii to augment the fuel requirements of that State. It is my hope that the committee's action will facilitate the constructing of the specialized vessels required to transport liquified natural gas from Alaska.

Almost a year ago, we passed H.R. 4813 to amend the Fishing Fleet Improvement Act. Unfortunately, that bill has not yet been enacted into law. In passing that legislation, however, we recognized the crisis facing our fishing industry, which must compete daily with foreign fishing vessels heavily supported by their government, which come in fleets to our shores and then export to the United States the fish products which they have caught within sight of our country. No other industry is faced with competition on such a scale. The provision of H.R. 15424 which will enable the fishing industry to establish tax deferred vessel construction funds should help immeasurably in the development of a competitive American fishing fleet.

Mr. Chairman, I will only take a few more moments to comment on several specific committee actions. The Merchant Marine Act of 1936 sets forth a statement of national policy. It declares that it is necessary for the national defense and the development of our foreign and domestic commerce that the United States shall have a merchant marine sufficient to carry its domestic waterborne commerce and a substantial portion of our foreign commerce, capable of serving as a naval auxiliary in time of war or national emergency. These principles are even more valid today than they were in 1936, and certainly the events which have occurred during the intervening years have proven this validity. The statement of policy does not, however, recognize the fact that our merchant marine must be supported by an adequate shipbuilding and ship repair industry. Without these shipyards and the many skilled personnel which they employ, our maritime effort would be crippled. Your committee, therefore, has amended section 101 of the Merchant Marine Act to recognize this basic need.

As a corollary to this amendment, Mr. Chairman, your committee has amended section 210 of the Merchant Marine Act to require the Secretary to study and adopt a long-range program to insure that our shipbuilding and ship repair facilities will be maintained so that an adequate mobilization base will exist to meet the requirements of defense and commerce.

The President's message to Congress called for the building of 300 ships over the next decade. Your committee felt that this commitment should be recognized in law. We have, therefore, amended section 209 of the act to provide that the Secretary of Commerce prior to June 30, 1980, may approve applications and enter into contracts for construction-differential subsidy and for the cost of national defense features incident to the construction of 300 ships for operation in foreign commerce. In his testimony before your committee, Secretary Stans pointed out that our merchant fleet engaged in foreign commerce now consists of approximately 650 vessels. If there is no new construction after 1970, our fleet will decline to only 221 ships by 1980. The 300-ship program called for in this legislation will not enable us, however, to maintain the fleet at the same level in terms of numbers of ships.

You might wonder then how we can expect to significantly increase the carriage of our commerce in American-flag ships if we are going to suffer a net loss in vessels. The answer, of course, lies in productivity. While our existing fleet does contain well over 100 modern ships of high capacity, the overwhelming majority of our ships are nearing obsolescence. The ships which we will be building in the years to come will replace our existing fleet in terms of annual lift capacity on the basis of one new ship for every three to five existing ships. This quantum jump in productivity is a startling development in the maritime field which, for many years, saw little or no technological improvement.

With the advent of containerships, however, a completely new approach to ocean transportation has evolved in the liner trades. Beginning with the conversion of a few war-built cargo ships and tankers roughly 10 years ago operating in our domestic trades, we have reached the point where American-flag carriers are able to compete successfully without operating subsidy on the heavily tonnaged North Atlantic. A comparable revolution is now occurring in the transpacific trade to Japan. Cargo vessels regularly operating at speeds in excess of 30 knots will soon be commonplace, whereas only a few years ago a 16- or 17-knot ship was considered fast.

From the containership, the revolution has expanded to the barge carriers or LASH-type vessels which are, in reality, mother ships for floating warehouses which may be moved inland on our waterways such as the Mississippi to points far distant from our deep-water ports.

This revolution in ocean transportation was the product of American technological know-how and private investment. Our foreign-flag competitors have been quick to adopt these new systems, however, and we cannot sit back on our laurels and expect to remain ahead for long without further effort.

The fleet of 1980, Mr. Chairman, may be smaller than today's, but its carrying capacity will be substantially greater and will enable us to move a significantly higher share of our commerce than we are capable of today. The President has issued a challenge to the maritime industry and has extended to the industry an opportunity. This opportunity is perhaps unique for our merchant marine. Too much effort in the past has been directed into unproductive channels. It is time for management and labor to accept the challenge and work together for their common good. They must recognize, and I am confident they will, that this program is not intended to perpetuate preferences and policies of the past which have proven to be ineffectual. It is a new ball game with many new rules. None of us know with certainty what impact all of these rules will have, but we must approach the new program with a spirit of cooperation and

willingness to move ahead forgetting the many differences and disputes which have characterized the past 20 years. The administration and the Congress have recognized their responsibilities, and we can expect no less from the maritime industry. Mr. Chairman, I join the distinguished chairman of the Merchant Marine Committee, the gentleman from Maryland, Mr. GARMATZ, and the distinguished ranking minority member, the gentleman from California, Mr. MAILLIARD, in endorsing this legislation.

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

Mr. PELLY. I yield to the gentleman from New York.

Mr. GROVER. Mr. Chairman, I rise in support of this legislation. It has been a long time coming. It seemed to me during the hearings there was a culmination of the sense of urgency which we have felt over a period of years in bringing about this legislation, and that sense of urgency I think was reflected in the many gentlemen who came from all areas of the industry, and who perhaps in the past had found themselves in cross currents and at cross purposes. The cooperation which we received and the help and suggestions we received from all segments from the industry I think was in great part responsible, in addition to the great work of the committee, in bringing about this legislation.

But it is only a start, Mr. Chairman. We have a long row to hoe. These ships will not be in the water tomorrow, and the manning of them and putting us back in the running as a great maritime nation leaves us a long way to go.

Mr. PELLY. Mr. Chairman, I yield to the gentleman from Ohio (Mr. MOSHER) such time as he may consume.

Mr. MOSHER. Mr. Chairman, I join my colleagues of the Committee on Merchant Marine and Fisheries in vigorously supporting H.R. 15424, amending the Merchant Marine Act of 1936.

President Nixon's maritime program as set forth in his message to the Congress last October and this legislation implementing that message, undoubtedly will be recorded in the annals of maritime history as the cornerstone for American influence on the commercial shipping lanes of the world for the balance of this century. The fleet which the President has urged us to build, when built, will insure access to markets for American exporters without dependence upon foreign-flag ships whose availability at all times at reasonable rates cannot be guaranteed.

It is up to us here today to take a giant step toward building that fleet. I am, of course, Mr. Chairman, especially and enthusiastically pleased that this legislation remedies certain deficiencies in the Merchant Marine Act of 1936, which relegated our Great Lakes fleet to a second-class position from the standpoint of national maritime policy.

During the hearings on H.R. 15424 conducted by your committee, a number of organizations representing the maritime industry of the Great Lakes testified most persuasively that the time has come to restore the Great Lakes fleet to a first-class position. This restoration is a matter of necessity to the economy of the Great Lakes States and the Nation.

Too few realize the importance of Great Lakes shipping to our industrialized economy. Bulk shipping on the Great Lakes now involves the carriage of over 200 million tons of cargo annually. The 200 million mark has been exceeded every year since 1966. Approximately 73 percent of the tonnage of the Great Lakes is transported in American-flag ships. By way of comparison, Mr. Chairman, our overseas bulk trade with all the rest of the world amounts to approximately 350 million tons. Great Lakes trade, therefore, is very significant.

Although our Great Lakes fleet transports huge quantities of goods for American industry, it is an aging fleet and is in desperate need of modernization. The age of the 250 ships in our Great Lakes fleet averages in excess of 40 years. By 1980, one-half of these ships at the very least will have been scrapped. Only because steel corrosion is almost nil on the Great Lakes and because of constant repair at ever-increasing cost will the remaining ships continue to operate. Not since 1960 has a new American-flag ship entered service on the Great Lakes. A handful are under construction now.

While the U.S.-flag fleet has been ignored from the standpoint of national maritime policy, the Canadian fleet has not. Over a decade ago, the Canadian Government recognized the serious need for upgrading its Great Lakes fleet. Extremely favorable tax provisions were enacted to stimulate the construction of new tonnage for service on the lakes. For example, capital investment in new ships and related equipment may be depreciated over a 3-year period. A number of Canada's major industries have taken advantage of this rapid depreciation for the building of new ships and have chartered the vessels at very attractive rates to ship operators.

Additionally, the Canadian tax laws waives the capital gains tax on the sale of ships so long as the profits are reinvested in new ships. The combination of rapid depreciation and avoidance of capital gains tax results in an effective deferral of income tax for Canadian Lakes ship operators.

Also, the Canadian Government subsidizes 24 percent of the capital cost of vessels built in Canadian yards. This shipyard subsidy is without budgetary ceiling. Given these inducements, it is not surprising that the Canadian Great Lakes fleet has been substantially upgraded during the past 10 years. Over 85 ships have been built for the Canadian flag during a time when one ship was launched for the American fleet. The average age of the Canadian fleet is only 27 years as compared to our in-excess-of-40-years average. The average capacity of Canadian vessels is considerably greater than their U.S.-flag counterpart.

Mr. Chairman, I have already alluded to the fact that the Merchant Marine Act of 1936 fails to recognize the importance of our Great Lakes fleet. H.R. 15424 will remedy this oversight in three important respects, which I now call to your attention.

Section 605(a) of the 1936 act states, in part, that no vessels operating on the Great Lakes shall be considered for the purposes of this act to be operating in foreign trade. This legal fiction had no merit in 1936 and certainly has none today. We are remedying that in the bill before us today.

Section 809 of the 1936 Merchant Marine Act states that contracts entered into pursuant to the act shall equitably serve insofar as possible the foreign trade requirements of the Atlantic, gulf, and Pacific ports of the United States. But the opening of the St. Lawrence Seaway has facilitated the development of international commerce moving through Great Lakes ports. While the benefits of the seaway have not yet been fully realized, we must recognize that the Great Lakes are, in fact, a fourth seacoast of the United States and foster the development of this seacoast on an equal footing with the other major ocean gateways of the country. Section 23 of the bill on which we will vote today deletes the language which excluded the Great Lakes from the act and will specifically add the Great Lakes to the seacoasts of the United States to be served by the act.

Third, and most importantly, Mr. Chairman, H.R. 15424 extends to operators on the Great Lakes the privilege of establishing tax deferred vessel construction funds, a right heretofore granted only to a handful of subsidized steamship companies.

That provision of the bill will have a profound effect upon our Great Lakes fleet. It will enable the Great Lakes operators to put aside their earnings for the further modernization of those vessels which have remaining economic usefulness, and also will enable the operators to begin a serious replacement program to eliminate the oldest units from the fleet for which further modernization cannot be justified.

The installation of bow thrusters, self-unloading equipment and new engines will substantially upgrade many of the younger ships. These are not small jobs, however. They involve hundreds of thousands of dollars each. A new vessel for lakes service means an investment of approximately $20 million.

Without the enactment of this legislation, it is unlikely that more than five or six new vessels could be built for lakes service during the next decade. Only two have been built in the last 10 years, and only two are today being built.

The revision of section 607 of the act to enable unsubsidized carriers to establish construction reserve funds will undoubtedly produce a substantial building program. As in the case of our deep sea fleet, the new ships which will be built for the Great Lakes will replace existing tonnage on the basis of perhaps one new ship for every three to five existing units. The average capacity of the bulk carriers in our present fleet is approximately 13,000 tons of cargo per trip. The new ships will have a capacity of 40,000 tons to 50,000 tons and substantially increased speed.

This is indeed an important day for the Great Lakes region—a day we have waited for a long time. I urge my colleagues to support the passage of this important legislation.

Mr. Chairman, finally I want to salute our colleague from Massachusetts, Mr. Keith. At the time our Great Lakes amendment was adopted by the Committee, Mr. Keith offered a further amendment which, in effect, provides that fishing vessel owners can qualify for the benefits coming from the capital construction fund revisions.

The American fishing vessel owners need and deserve this assistance, as does the merchant fleet. All of us should be pleased that the Keith amendment is included in this bill.

Mr. PELLY. Mr. Chairman, I yield to the gentleman from Wisconsin (Mr. SCHADEBERG) such time as he may consume.

Mr. SCHADEBERG. Mr. Chairman, as a member of the committee and a cosponsor of H.R. 15424, I rise in enthusiatic support of this legislation. I associate myself with the gentleman from Ohio (Mr. MOSHER) in his remarks in which he points out the fact that the Great Lakes have been included in the program. This, I believe, is a landmark and a turning of a corner in the effort to provide our Nation with a merchant marine of which we can truly be proud.

Mr. Chairman, I join my colleagues in urging the support of the House for this legislation.

Mr. PELLY. Mr. Chairman, I yield to the gentleman from Pennsylvania (Mr. GOODLING) such time as he may consume.

Mr. GOODLING. Mr. Chairman, I rise in suport of this legislation.

Mr. GARMATZ. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Chairman, I wish to pay tribute to the distinguished and able chairman of the Committee on Merchant Marine and Fisheries, the gentleman from Maryland (Mr. GARMATZ) and to the ranking minority member, the gentleman from California (Mr. MAILLIARD) for the outstanding job they and the committee have done in bringing to us one of the most distinguished pieces of legislation that will be placed before this body this year. I commend them for the patient, effective, courteous, and diligent fashion in which they have pursued a difficult course of hearings and executive sessions in order to bring this bill before this body.

As my other colleagues have done, I endorse enthusiastically the provisions of H.R. 15424. Particularly I wish to comment on a section which was commented on by my distinguished and able colleague, the gentleman from Ohio (Mr. MOSHER) and to point out that for the first time the Great Lakes is to achieve recognition, which I believe merits real consideration here, and that is the recognition of the Great Lakes as a seacoast, something which has long needed to be done, and the fact that for the first time the Great Lakes area industries and vessels will receive tax benefits as a result of a tax-deferred construction fund.

I am particularly pleased to acknowledge this singular stride forward, because it can be accomplished with virtually minimal costs to the Treasury, and indeed over the long pull I believe it will pay back to the taxpayers a new level of tax revenues of about 3 or 4 to 1 over the amount of the monetary costs of the deferral—which is something highly desirable.

The report of the committee indicates the urgent need for the step to be taken here. It points out:

> The U.S. flag bulk carrier lakes fleet has an average age of 45 years while the Canadian fleet is 17 years younger.
>
> Fifty-four percent of the U.S. fleet is at least 40 years old.
>
> Sixty-one percent of the Canadian fleet is less than 15 years old.
>
> The newest U.S. vessel was built in 1960.
>
> In 1961 the Canadian government provided a vessel construction subsidy which has varied from 25 to 35 percent of cost.
>
> The Canadian fleet includes vessels totalling 977,000 dwt built since 1961. This is about 20 percent of the total Great Lakes fleet.

This is the story of a fleet desperately in need of the kind of help afforded it by H.R. 15424.

I again pay tribute to my colleagues on the committee who have worked to make this a reality. I express again, Mr. Chairman, my particular appreciation of the courteous, diligent, patient, and effective fashion in which the chairman and the ranking minority member have proceeded in consideration of this bill.

I am proud of it. It is a good bill. It deserves early and overwhelming passage.

Mr. MAILLIARD. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. KEITH).

Mr. KEITH. Mr. Chairman, I want to join my colleagues on this side of the aisle in complimenting the chairman for an extraordinarily fine piece of work in drafting this legislation, and in obtaining the support of so many segments of those Americans who go to the sea in ships.

Representing, as I do, the city of New Bedford and other coastal communities where commercial fishing is a way of life I am particularly pleased that the chairman entertained and the committee adopted an amendment which provides that the capital construction fund benefits will accrue to those engaged in commercial fishing.

The purpose of the construction funds provision is to help our merchant marine compete with foreign flag vessels. The problem, however, is not restricted to our commerce with foreign nations but also commerce in what is called the noncontiguous trade and that of the Great Lakes.

The committee recognized further that the impact of foreign competition on our fishing fleet was equally serious and amended the act so that it covered the fishing vessel owner as well as the American-flag vessel owner.

I am particularly pleased that the amendment which I offered was adopted in the committee, and I will be eternally grateful, as will my constituents, to the chairman for his favorable consideration and support of it.

Mr. MAILLIARD. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. BETTS).

Mr. BETTS. Mr. Chairman, I listened with a great deal of interest to the remarks of my distinguished colleague from Ohio (Mr. MOSHER). I wish to associate myself with his remarks.

I am more than pleased to hear of the benefits this bill will bring to the Great Lakes area, and particularly to Lake Erie. I am happy to support the bill.

Mr. GARMATZ. Mr. Chairman, I yield such time as he may consume to the gentleman from Rhode Island (Mr. TIERNAN).

Mr. TIERNAN. Mr. Chairman, not since 1936—34 years ago—has any comprehensive and constructive measure been proposed by an administration for the U.S. merchant marine and shipyard industry—two first line elements of our national defense.

With all the changes that have taken place in our world trade and in shipping technology, this has been far, far too long. We have allowed our merchant fleet to deteriorate in numbers until we now rank only fifth among the maritime powers of the world. And, even worse, over two-thirds of our fleet is obsolescent in both quality and age.

This measure proposes a 10-year plan to rejuvenate the American flag commercial fleet. It provides for construction of 300 ships of the most modern type over a 10-year period. This is little enough. These ships will be built in U.S. shipyards, in large lots resulting in cost savings through multiconstruction. It will provide a further incentive for our yards to expand and modernize.

The members of the Merchant Marine and Fisheries Committee after many long hours and hard work have unanimously recommended passage of this measure. The committee has held extensive hearings at which experts from all segments of the marine industry and marine labor have testified. It is a good bill. It is sound legislation. I want to commend the committee on its fine work and I urge all Members of the House to support H.R. 15424 as reported.

Mr. TAFT. Mr. Chairman, this legislation amounts to an important landfall for the faltering U.S. merchant marine. It is long overdue, but nonetheless welcome. Its sponsors and the administration deserve great credit for the extensive work done and the meaningful results achieved.

Of especial importance to the State of Ohio and other Great Lakes States are the provisions which for the first time include the Great Lakes under section 809 as the fourth seacoast of the United States. The needed expansion of our aging merchant marine in those waters has long been a cause for concern. Hopefully this charge will help in its needed replacement and modernization.

I am happy to support this measure.

Mr. GERALD R. FORD. Mr. Chairman, I want to congratulate all concerned for their work in preparing this fine piece of

legislation, H.R. 15425, especially Chairman GARMATZ and the ranking Republican, WILLIAM MAILLIARD. Mr. Nixon before his election had strongly urged the necessity of restoring our merchant fleet to its former preeminence. He pledged if elected to see that this was done.

As President he has promptly and forthrightly fulfilled that pledge. He appointed men who believed in the merchant marine to work out a new, forward-looking maritime program that would help all parts of the merchant marine and that all segments of the maritime industry would support. This difficult and exacting task was accomplished by Secretary of Commerce Maurice Stans, Under Secretary of Commerce Rocco Siciliano, and Maritime Administrator A. E. Gibson, with the cooperation of other interested Federal officials and maritime industry labor and management.

The President submitted his new maritime program last October, offering a challenge and an opportunity to the Nation to rebuild its merchant fleet within the next decade. This program received a heartening unanimity of endorsement by all segments of the industry. H.R. 15424 was introduced before adjournment last year and was promptly taken up by the House Merchant Marine and Fisheries Committee at the beginning of this session. The diligent and careful work of this committee is shown in the bill now before us.

I believe that the provisions of this bill will make it possible to rebuild our fleet, to lower Government costs by making our ships more productive, and by providing incentives to shipowners and shipbuilders to improve their efficiency.

If all segments of the industry continue to show the same spirit of cooperation in carrying out the program, I am sure we will soon have cause once again to speak with pride of a merchant marine that is second to none in quality and efficiency and in its capability of protecting our vital trade and defense.

Mr. PICKLE. Mr. Chairman, when we passed H.R. 15945, a shipbuilding authorization bill, about 2 months ago, I raised a question as I did last year when a shipbuilding bill was passed, as to what kind of ships are going to be built and what these ships are going to haul after they are built. I never have received a satisfactory answer. I am asking that question again today. We are setting up a long-range program to build 300 ships. I want to know a little more about what these ships are going to be hauling. I want to know if there is anything in this bill that will keep these 300 ships from being used to ship products into this country that will compete with our own domestic industry. My concern centers around a problem that arose in my district. About a year ago there were plans afoot to use the differential subsidy to haul in aragonite from the Bahama Islands into the coastal areas at almost half the cost that the limestone industry in the United States would compete against. I say that would be unfair competition. I want someone to give me some assurance that these 300 ships are not going to be hauling these kinds of products in competition with our own industries. I shall direct that question to the Secretary of Commerce, also.

I am assured the intent of this bill is not to compete against our own industry or industries, but rather to help our maritime fleet compete in world trade. If the building of these 300 ships creates a hardship against the limestone industry, for instance, this House will hear from me and others. We want to be proud of our merchant marine fleet, but we do not want to hurt our own merchants in America.

Mr. CAREY. Mr. Chairman, with our action on the merchant marine legislation now before the House today, Mr. Speaker, we embark on a new era for the American merchant fleet—an era that will make it possible for us to compete on a more equal basis with the ships of other nations in carrying the huge amounts of goods being shipped to and from this country.

For years, the merchant marine has been the victim of indifference and neglect. Although our imports and exports have increased steadily in the past two decades—although we are the most active trading nation on the face of the globe—this increased trade has not been shared in by ships built in this country, owned by private interests in this country, and manned by citizen-sailors from this country.

At the end of World War II, well over half of America's imports and exports were being carried in American-flag vessels. Today, that share has shriveled to only 5 percent. In other words, the ships of other nations have capitalized on the growth of our international trade, so that today they carry 95 percent of all our cargo.

The passage of the legislation now under consideration will begin to reverse that trend. We cannot do it all at once, because most of the ships that are left in our fleet are old, small, and slow—and it will take some time to overcome our past neglect of this industry. But this is the first step toward reversing the trend, and toward achieving the goal, enunciated nearly 2 years ago by the President, to see that, by the middle of this decade, at least 30 percent of our cargo is being carried by our own ships.

This legislation provides the tools by which the shipping industry and the shipbuilding industry in this country can start to build a proud new American-flag fleet. If these two industries respond to this challenge, as we have every reason to expect that they will, then next year, or the year after that, or the year after that, I think the Congress will be receptive to proposals to accelerate the pace at which this program moves, so that we can attain the goal of at least 30 percent carriage in American bottoms, as the President proposed.

I support this legislation, Mr. Chairman, and I urge the affirmative votes of my colleagues on this important first step toward maritime revival.

Mr. ANNUNZIO. Mr. Chairman, we have been waiting a long time for this program and this legislation. So, today is a significant event in America's maritime history. At last we have the opportunity to reverse the trend in our maritime fortunes and begin a slow, steady climb to a position of leadership among the maritime nations of the world. Over 15 years ago, we came to the realization that unless we instituted a replacement program, our entire American-flag merchant fleet would become obsolete at or about the same time. That was because the ships flying the American flag were all built during the comparatively short period from 1942 to 1946, when we were forced to construct a "bridge of ships" across the ocean.

Unfortunately, as time went on, due to budgetary restraints and the typical lack of interest in the merchant marine during peacetime, we let our replacement program slide.

But even more significant than that, the nature of our trade has changed over the past 35 years. When the 1936 act was passed, the great preponderance of our exports and imports were in the form of general cargo. And for this type business break bulk freight ships operating on liner routes at fixed schedules were the proper vehicles of carriage. Over the years since that time, the nature of our trade has changed so that today the great percentage of our exports and imports is in the form of bulk cargoes which ordinarily are carried in an entirely different type of vessel.

For by and large, the present sad plight of our merchant marine is due to two factors: one, the failure to replace our liner vessels and two, the failure to extend Government assistance to the building and operating of other types of vessels. The bill before you is designed to meet both of these deficiencies. It calls for a program under which 300 ships would be built over the next 10 years, comprised of an adequate number of liner vessels and, for the first time, to encourage the building of bulk carriers and tankers.

Mr. Chairman, it is almost unthinkable that this country has fallen to a fifth-rate maritime power. Our very heritage is founded in the traditions of the sea. Our growth and our strength rest upon seapower. Not only is trade in our own vessels essential to the health of our economy, but from a national defense standpoint, I well remember the words of General Eisenhower when in 1944, from London, he said:

> When final victory is ours, there is no organization that will share its credit more deservedly than the American merchant marine. We were caught flat-footed in both world wars because we relied too much upon foreign owned and operated shipping to carry our cargoes abroad and to bring critically needed supplies to this country. America's industrial prosperity and military security both demand that we maintain a privately operated merchant marine adequate in size and of modern design to insure that our lines of supply for either peace or war will be safe. I consider the merchant marine to be our fourth arm of defense and vital to the stability and expansion of our foreign trade.

Consequently, Mr. Chairman, I am proud to be able to contribute my vote and strong support to this vitally needed piece of legislation.

Mr. ADDABBO. Mr. Chairman, I strongly support the legislation now

before the House, H.R. 15424, which is designed to put vigor back into America's merchant marine efforts on the high seas.

Although this legislation consists of amendments to existing law, it more properly should be titled the Merchant Marine Act of 1970—because it sets our maritime efforts onto an exciting new course. This legislation provides for the wholesale modernization of the body of maritime law which has been on the statute books, virtually unchanged, for more than a third of a century. At long last, it provides equal treatment for all segments of the maritime industry. In short, it puts our maritime laws in step with the times, and makes it possible for these laws to stay in step with any changes which may take place in world maritime affairs in the years ahead.

For years, Mr. Chairman, this body has been frustrated in its efforts to revitalize our merchant marine. This frustration has stemmed from the fact that the Congress has had a sense of urgency about maritime revitalization that has not been shared by the executive branch of Government. But now this situation has changed. This legislation before us was drafted in the executive department; it was modified and perfected through the efforts of the Committee on Merchant Marine and Fisheries; and it has the support of virtually all segments of the industry whose future is involved in the outcome of the legislative process in which we are now engaged.

We have waited a long time for this kind of cooperative effort and for the kind of consensus which this legislation represents. It is up to us, now, to give this legislation our wholehearted endorsement, so that we can move on to the next—and even more important—phase, which is the full implementation of this legislation and the maximum development of our total maritime potential.

Mr. FRIEDEL. Mr. Chairman, it is extremely important that H.R. 15424, to revitalize the American merchant marine, is passed by the House. We have long been in an economic war with the Soviets who have threatened to bury us at sea. The growth of Russia's merchant marine is perhaps the most startling in world maritime history. I recall that former Soviet Merchant Marine Minister Victory Bakayev in Moscow said:

> The Soviet Union can today deliver any cargo to any point on earth, using high-speed Soviet ships.

The Soviets moved from 21st position among the merchant fleets of the world in 1950 to fifth place today and continue to push ahead. While the U.S. merchant marine has aged and dwindled to less than 900 ships, the U.S.S.R. can boast of over 1,400 ships aggregating over 10 million tons. Adm. Thomas H. Moorer, Chief of Naval Operations, recently told a House committee:

> Another three-quarters of a million deadweight tons of new merchant shipping has been placed in the hands of Soviet economic and political planners.

The creation of a Soviet merchant marine has made it possible to free the nation from dependence on foreign vessels for maritime shipping. Four out of five Russian merchant ships are less than 10 years old, whereas four out of five U.S.-flag vessels are of World War II vintage or older. The huge merchant fleet buildup gives the Russians a powerful new weapon to heighten the effects of the cold war into the 1980's. You are well aware that a Soviet shipping company has served notice that it intends to compete with United States and Japanese shipping lines in the lucrative Pacific trade at cutrate prices. They hope to establish a third flag trade with the first scheduled cargo service to our Nation since the outbreak of the Korean war. They applied to the Federal Maritime Commission for approval to begin service June 1, and some of the rates they expect to charge will be 47 percent below charges of shipping companies in the Trans-Pacific Freight Conference.

Not only will the Russian merchant fleet prove a peacetime menace with a real potential for driving freight rates down to less than breakeven levels for ships under other flags, but, today, her new ships are headed for Hanoi with cargoes to sustain the North Vietnamese. It has been reported that over 400 Soviet ships annually transport war material to North Vietnam.

The fleet that flies the "hammer and sickle" is a major instrument of Soviet national power. They do more than just transport cargo. Theirs is a strategic function as well. Soviet merchant ships now visit 600 ports in over 90 different countries—and never lose sight of the fact that—at every port which a Russian merchant ship visits there must be some form of Russian trade organization and Soviet consular representation. As the U.S.S.R.'s merchant fleet expands, and her commercial dealings with the world expand, the Soviet commercial and consular penetration of the nations of the world also expand. And, we know, too, that the Soviets are using mushrooming fishing and oceanographic fleets in similar fashion—for political advantage as much as for food from the seas or sciences of the oceans.

The United States must be in a position to checkmate the Soviets in their bid to take over the sealanes of the world. Only a modern, well-balanced, competitive U.S.-flag fleet can accomplish this. H.R. 15424 will enable this Nation to regain its lost maritime prestige and effectively meet the Soviet challenge on the high seas.

Mr. MINSHALL. Mr. Chairman, I rise in support of H.R. 15424 and I heartily applaud and approve the wisdom of the great House Committee on Merchant Marine and Fisheries in adding to the Great Lakes amendment.

Adding the ports of the Great Lakes to the eligibility list for contracts to be awarded under this legislation is certainly only just in the light of the tremendous role our lake system plays in the economy of not only the entire Midwest but the Nation. This amendment is absolutely essential to an equitable program of U.S. shipbuilding expansion.

Our need for a strong American merchant marine has increased almost as steadily as our shipping-service capability has declined over the last decade. At the end of World War II our merchant fleet was the largest in the world, today the American-flag ship hovers on the brink of extinction, due chiefly to the neglect U.S. shipbuilding suffered during the 1960's. Today we are ranked in fifth place with only 650 merchant ships. By 1974, at the present rates of obsolescence and slow rate of construction, our fleet will consist of just 272 ships.

Passage of H.R. 15424 is epochal in that for the first time we will incorporate into basic maritime law provisions that explicitly establish that the Great Lakes fleet is just as much a part of our great Nation's maritime efforts as is the oceanic fleet.

I urge this measure be given the overwhelming support of the House.

Mr. LEGGETT. Mr. Chairman, I appreciate the opportunity to make my thoughts on the President's maritime program known to my colleagues through a formal statement. Let me state at the outset that I fully support the effort to revitalize our maritime industries, both shipping and shipbuilding, which is the theme of the administration's proposed legislation and has been the goal of this committee for a number of years. However, I am deeply concerned that we have taken only a superficial look at two provisions of this new legislation: the construction-differential subsidy—CDS—rate reductions and the ability of American shipping companies to fully employ the number of newly constructed ships that the program proposes. In addition, I am just as concerned that we have failed to address the maritime labor problem. As I see it, the management-labor tug of war on job promotion has played a major role in causing our present maritime woes. I have oriented my remarks to these major concerns and a number of minor provisions which need to be brought to the attention of this committee.

As to the construction-differential subsidy rates, I do believe that significant reductions in unit costs can be achieved through multiple procurement of standard ship designs. However, I have seen no evidence to date that suggests that the degree of construction-differential rate reductions called for in the proposed legislation can realistically be achieved. The Maritime Administration has based the proposed CDS rates on the results of a study, "Improving the Prospects for United States Shipbuilding," by the Center for Maritime Studies at Webb Institute of Naval Architecture. It may be that the conclusions of this study are completely valid. Regardless, we have no concrete documentation from the Maritime Administration as to how the conclusions of this study specifically relate to the CDS costs of the new program. In order to fully investigate the CDS provisions of the new program, we need detailed calculations which identify the cost of ships today, the cost of ships during the years of CDS reduction, the annual CDS authorizations, and the number of ships to be built each year.

It is not a minor issue which I am addressing, for we might be placing a

stranglehold on the U.S. shipbuilding industry by legislating cost-reduction requirements which are not possible. Instead of revitalizing the shipbuilding industry we could be killing it. It is only after an analysis of the information which I have outlined that we will be able to evaluate the construction-differential subsidy program.

Another major issue at which we have merely taken a superficial look is the extent to which American shipping companies will be able to penetrate the world shipping market. The Maritime Administration estimates that the general cargo fleet proposed by the new program will have the capacity to carry 34 percent—by weight—of our general cargo foreign trade by 1975 and 48 percent by 1980. It should be noted by this Committee that at present we are only carrying 23 to 24 percent of our general cargo trade. To make such an extensive and rapid market penetration will require the displacement of foreign vessels by U.S. vessels. There are several factors which question the likelihood of this displacement: First, the operations of foreign shipping companies are considerably more efficient at present than those of our own shipping companies; second, the major maritime nations: Norway, Japan, United Kingdom, Germany, Netherlands, Denmark, Sweden, Italy, and Greece presently carry 47 percent of the U.S. general cargo trade; and third, these major maritime nations depend heavily on foreign exchange revenues earned by their merchant marines. While about 30 percent of the general cargo foreign trade moves in vessels not under the registry of the United States or the maritime nations listed above, this trade would be even more difficult to capture. This trade is moved by vessels from numerous smaller maritime nations who are protective of their limited shipping capability. In addition, our foreign trade carried by the vessels is also their foreign trade as there is almost no third flag carriage in this segment of our trade. Thus any efforts to "ship American" will result in effective countermeasures.

I would seriously question whether U.S. shipping companies actually believe that they can profitably employ the 300 ships that we have proposed in this program. I cannot imagine that they will risk the private funds needed to pay for the unsubsidized portion of the ship construction cost if heavy market penetration does not seem probable. I do believe that there is a hard requirement for 100 to 110 new vessels as replacements for existing ships but additional vessels will depend on the ability of U.S. ships to capture more of the market. If U.S. shipping cannot fully employ this number of vessels, I can see two possible developments: First, there will be increased pressures for greater cargo preference provisions for American vessels and for other protective practices; or, second, there will be large orders for new vessels during the first years of the program and relatively few thereafter. This first development could have serious international implications as it would directly affect the major maritime nations who are also our allies; while the second development would be disasterous to U.S. shipyards which will have just heavily invested in their facilities in order to modernize as urged by the new program.

It is my recommendation that we request the Maritime Administration to undertake an extensive market penetration analysis and to submit the results of that analysis to this Committee. I understand such a study has not been accomplished. It is unfortunate that such an analysis is not available to provide a basis for the new maritime program. So important is this analysis to our efforts to rebuild the U.S. merchant marine that I cannot but highly criticize the Maritime Administration for failing to initiate such an effort during its review of the maritime policy and program.

Maybe the most troublesome issue in the maritime area is that of organized labor. I am a diligent advocate of industrial democracy—particularly in the maritime area. The facts of the past several decades, however, cannot be ignored. In an effort to preserve jobs in the continuously competitive international shipping market, agreements have been negotiated after very damaging work stoppages that have further exacerbated the problems of the American merchant marine. In a word, we have priced ourselves out of the market.

As a practical matter no amount of Government subsidy is going to be adequate until Government, labor, and shipping and shipbuilding management unite with a common resolve that the United States is simply going to price itself back into the market.

Over the past year we have lost 2.7 million man-days due to shipping work stoppage.

There are two items which serve to identify the impact of maritime labor on American shipping; the first being the "flags of convenience" or "flags or necessity" fleet depending on how you view their foreign-flag registry and the second the termination of passenger service by six large liners. As to U.S.-owned vessels under foreign flag, it is most likely that the operators of these vessels would not return them to U.S.-flag registry with American crews even if we offered to completely equalize through subsidy their costs in comparison to foreign competitors. The reason behind this is very simple. The vessels in this fleet are almost exclusively dry and liquid bulk carriers; they deliver raw materials to refineries which represent heavy capital investments. To offset this heavy investment, the refinery operators, who are also the parent companies of the ship-operating firms, have designed production schedules which are geared to a steady flow of raw materials into the refineries, full utilization of the refineries, and a steady output of refined products. The frequent work stoppage characteristics of U.S. seagoing labor would have a disastrous effect upon their production schedules and seriously jeopardize the profitability of their operations.

The termination of service by our large passenger liners also resulted, in part, from the actions of maritime labor. Recently, the National Maritime Union—NMU—indicated that it would be willing to reduce crews by 15 percent and to ease working rules in order to reactivate the six large passenger liners. I applaud this meaningful concession by organized labor.

It was accelerating increases in operating costs resulting in unacceptable losses for the shipping companies which forced these vessels to be laid up. The major element in passenger ship operating costs is the cost of labor. These operating losses occurred despite the fact that the 13 passenger and combination ships had been accounting for approximately 25 percent of all operating subsidy—$57.5 million out of $232.3 million during 1967.

One could not expect companies to continuously allow million-dollar losses from passenger ships to eat into the profits of their cargo operations especially in light of the deteriorated condition of American cargo shipping.

I believe that there is a lesson to be learned from the termination of service by passenger vessels both for the Government and the industry. I am greatly concerned that our cargo vessels are also being burdened by heavy labor requirements. If this is so it would appear that now is the time for labor, management, and Government to talk. Certainly compromises can now be made anticipating the operations of our new 30-ship-per-year competitive merchant marine.

We have problems in the foreseeable future. At present we have 589 general cargo ships under U.S. flag. Even with our new program, the size of this fleet will be reduced by 40 percent to 345 ships in 1975. The impact upon seafaring labor will be significant. This impact will be even greater than is apparent from the fleet reduction, as the new vessels will require substantially smaller crews than the vessels being replaced.

Secretary Stans of the Department of Commerce has indicated that 25,700 seagoing jobs will be lost between 1970 and 1974. If this is so, certainly management, labor, and Government should talk about the ramifications of this action now.

I noticed with great interest that the Maritime Subsidy Board on February 10, 1970, notified four west coast shipping companies that in the future it will limit the number of jobs it will subsidize on C–4 type cargo ships regardless of what contractual arrangements these firms have with maritime labor. However, this ruling will not apply until June 1972, and only reduces the subsidized portion of the crew from 58 to 52 men. This appears to be too little and too late. Even this reduction will do little to make the C–4's really competitive with comparabe 30-man foreign ships.

The labor problem is not confined to seagoing personnel as the development of the container concept has caused the longshore unions to assert themselves in protection of their jobs. Back in 1960, longshore unions through their contracts established container royalty funds to which steamship companies contributed dollar amounts in accordance with the number of tons of containerized cargo offloaded from the ships of that com-

pany. While this fund had a valid purpose to ameliorate problems of unemployment—my information is that the fund is not used for this purpose.

Congress has recently acted to greatly increase the amount of Government funds to be spent on maritime research and development—R. & D.—and the new program envisions high levels of R. & D. spending. I fully agree with increased authorizations in this area as I believe that through technology we can enhance the competitive position of the U.S. merchant marine. However, the efficiencies and automation that this R. & D. will provide cannot but severely aggravate the present labor situation. How can we hope to benefit from additional technological advances when we are far from implementing the advantages presently available.

What disturbs me most about this situation is that nothing is being done about it. On February 28, 1969, I wrote a letter to Secretary Shultz of the Department of Labor in which I asked him to provide me with information concerning "possible programs—and estimated costs—that would assist maritime personnel displaced by automation and modernization." His reply indicates that—

> The Department has made no projections of the future size of the Maritime work force nor the impact maximum automation would have on jobs. Neither do we have an analysis of all possible programs to assist displaced maritime employees.

It is significant to note as revealed by this reply that the Department of Labor is doing little work in what appears by the record to be the most troublesome labor area.

I do not understand how we can fool ourselves to believe that without rectification of the labor-management problem the proposed program can successfully rebuild the maritime industry. I do not believe that the Government can force labor and management to settle disputes without resorting to work stoppages; however, I do believe that the Government should exert whatever pressure it can on these groups to restore labor stability to the maritime industry today before we build a fleet without a program of operation. This may require the development of a system of mandatory arbitration, increased penalties for wildcat strikes and increase jawboning of management. With regard to manning scales and working rules, I believe that the Government should establish the policy that all vessels built or operated with Government subsidy should be manned in accordance with actual needs and should employ the most advanced and economically feasible technologies. I believe that the Maritime Administration is moving in the right direction in this area; however, they are moving too slow to provide any meaningful relief in the near future for U.S. shipping. As to workers displaced by technological advances and the reduction in the size of the commercial fleet, the Department of Labor should undertake extension programs to retrain these workers using Federal funds augmented by moneys from funds such as the container royalty fund.

As to the providing of additional Government subsidies to reactivate the laid-up passenger vessels, I am opposed. In 1961, in an effort to relieve some economic pressures on the operators of U.S.-flag passenger ships, legislation was enacted to permit American ships to compete with foreign-flag vessels for available off-route service in the increasing lucrative cruise business without impairing their eligibility for operating subsidy. Off-route operation was authorized for 4 months of the year—approximately the slack season on the regular service—to help reduce operating losses. However, operating costs continued to increase, and legislation was passed in 1968 to permit off-route operation for two-thirds of the year. Despite these efforts, the major passenger liner companies continued to incur heavy losses which forced termination of service. These cruise trade legislative actions called attention to three important developments: First, there has been some retreat from the essential trade route concept, the ground on which operating subsidy had been justified for over 30 years; second, operating subsidy is being diluted to support luxury passenger service; and, third, U.S. passenger vessels are not overcoming operating losses even by participating in the luxury cruise trade.

Despite the labor reductions proposed by NMU, it will require greater amounts of subsidy to operate the passenger ships than previously experienced. The NMU convention during October 1969 indicated that an additional $20 million in operating subsidy could keep the U.S.-flag passenger fleet in service. Added to the previous level of spending, this would total $80 million annually for subsidy support of American passenger vessels. In addition to this unreasonable expense, we would no longer be subsidizing essential passenger service but rather the vacations of the affluent portion of American society. Information for 1969 showed a decrease in demand of 11 percent for trans-Atlantic passenger service in comparison to 1968. The evolution of air transportation has eliminated the national defense need for maintaining a U.S.-flag passenger ship capability. For these reasons I cannot support efforts to reactivate the laid-up passenger vessels.

Modification of one provision of the President's maritime program can greatly benefit the shipping companies operating in the noncontiguous domestic trade. I propose that the tax-deferred construction reserve fund be expanded not only to include unsubsidized foreign trade operators but also noncontiguous domestic trade operators. From information submitted to me by the Maritime Administration, I have calculated that 84 percent of our dry cargo vessels operating in the domestic trade are 25 years of age or older. These vessels are economically obsolete and need to be replaced. I am a firm advocate of the Jones Act; however, I do not believe that we should require the domestic shipper and the noncontiguous States and possessions to pay the full cost of providing jobs for U.S. laborers in the domestic commerce. To do so we are placing an unfair burden on the economies of these areas and we could be forcing them to rely on supplies from foreign sources rather than the United States. However, by extensions of the construction reserve funds to shipping companies operating in the noncontiguous domestic trade, we can enhance, through new construction, efficient shipping services which will bolster rather than impair the economies of the noncontiguous States and possessions.

In conclusion, let me state again that I fully support the efforts to revitalize our maritime industry. However, unless we address and resolve the issues that I have discussed, we will waste the valuable opportunity provided by the President's maritime program. We will exhaust Government funds before we have effected the necessary changes and reforms which seek to enhance the competitive position of our maritime industry and to lessen the industry's drain upon the American economy and the Federal budget.

Mr. DENT. Mr. Chairman, I rise in support of the bill and wish to comment on the proposed operating subsidy for bulk carriers.

The bill would amend the Merchant Marine Act, 1936, to provide operating subsidy for U.S.-flag dry or liquid bulk vessels engaged in our foreign trade.

When the Merchant Marine Act, 1936, was enacted, the preponderance of our foreign trade was of a break-bulk variety transportable in liner vessels making regular sailings on fixed trade routes. As a result the act provided for operating subsidy assistance to liner vessels, and excluded bulk vessels. The nature of our foreign trade has changed. Today the vast preponderance of tonnage exported and imported is carried in bulk vessels. Many of the bulk commodities that are imported into this country are not only vital to our economy, but would be critical in times of national emergency.

Without some form of Government assistance, it is impossible for higher cost U.S.-flag bulk vessels to compete with foreign-flag vessels. For a number of years it has been generally recognized that one of the glaring deficiencies of the U.S.-flag merchant marine is a lack of bulk vessels to carry this vital segment of our foreign trade. At the present time U.S.-flag bulk vessels consist almost entirely of vessels carrying Government-sponsored cargoes at premium rates required to offset high U.S.-flag operating costs.

Section 4 of the bill would amend section 211 of the act by the addition of a subsection (b) describing an essential bulk cargo carrying service. Section 13 of the bill would amend section 601(a) of the act to expand the definition of essential service to include the bulk cargo carrying service described in section 211(b). Section 15 of the bill would authorize the Secretary of Commerce to pay any vessel in an essential bulk-carrying service such sums as he shall determine to be necessary to make the cost of operating such vessel competitive with the cost of operating similar foreign-flag vessels.

Section 15 of the bill also would grant the Secretary of Commerce broad authority and discretion in administering operating subsidies for U.S.-flag bulk

vessels. This broad authority and discretion is required, at least in the innovative period when we are attempting to enter a competitive market from which our carriers have been effectively excluded, because we have no experience on which to draw in order to compare U.S. and foreign operating costs in the commercial bulk trades.

The granting of direct operating subsidy to U.S.-flag bulk carriers as provided by the bill would have two principal advantages.

First, the United States would have the potential of building a bulk carrier fleet in order to effectively compete with foreign vessels in carrying bulk commodities that constitute the predominant share of our foreign commerce. Such a fleet would insure that the commodities vital to our economy would be carried in times of emergency. Second, the United States would be substituting a direct subsidy for the indirect subsidy presently paid through preference rates for Government-sponsored cargoes.

The provisions of the bill for the payment of operating subsidy to U.S.-flag bulk vessels engaged in our foreign commerce is a long overdue amendment to the Merchant Marine Act if we are to have a viable well-balanced merchant fleet.

Mr. O'NEILL of Massachusetts. Mr. Chairman, on Friday, May 22, the Nation will celebrate Maritime Day. But, until this year, there has been little to celebrate, and less to commemorate, since the American-flag merchant marine has been going through a metamorphosis of decline for most of the last two decades.

By coincidence, we are now considering H.R. 15424 which is designed to construct a foundation for a reversal of this trend of decline and a framework for the restoration of the United States as a first-class maritime power.

For too long we have witnessed a decreasing volume of exports and imports being carried by U.S.-flag shipping. For too long, we have seen the level of merchant ship construction in American shipyards sink below that which is essential to our national interests. For too long we have been appalled by the shocking void in national policy in matters affecting our merchant marine and shipbuilding capability.

H.R. 15424 would change all of this. A 10-year coordinated maritime development program, such as is envisioned by this bill, will revitalize our shipping resources and stimulate ship construction in our shipyards. The aggregate cost is not prohibitive: the Secretary of Commerce has observed that the "net cost" to the Federal Treasury under this program will be "less than a half billion dollars" over a 10-year period.

The residual benefits in terms of economic well-being, increased tax revenues, national security, support of overseas interests and commitments, and improvement in the balance of international payments are impressive and convince me that a reasonable, workable, and logical program has been put forth by the administration and has been further perfected by the distinguished Committee on Merchant Marine and Fisheries, under the very able leadership of Chairman GARMATZ.

I enthusiastically support H.R. 15424 and urge my colleagues to join in approving this landmark legislation.

Mr. ASHLEY. Mr. Chairman, I support the bill before us wholeheartedly and urge its adoption by the House. The purpose of this measure is to reverse the declining trend in our merchant fleet capacity by providing for a 10-year shipbuilding program that will produce 30 modern vessels each year. These ships will be constructed in U.S. shipyards, thus restoring capability that is vital to our national defense. Today we rank 13th among world nations in commercial ship construction; in the years ahead this position should be substantially improved.

I am particularly gratified that the bill recognized the Great Lakes as a full partner with the other seacoasts of the United States in our maritime affairs.

Specifically—and pursuant to a provision which I insisted upon—it recognizes the Great Lakes as the fourth seacoast of the United States, thus putting them on an equal basis with the east coast, west coast, and gulf ports. Further, the basic maritime law would be amended to remove a prohibition against Great Lakes operators participating in the subsidy programs under the Merchant Marine Act of 1936.

Most important, perhaps, is that the bill will extend to the operators of the Great Lakes the same privileges extended to operators of the other coasts to deposit earnings and other income into a tax-deferred construction fund to build new ships. When we consider that the average age of the Great Lakes bulk cargo fleet is more than 50 years old, it is clear that a replacement program must be pursued if the maritime commerce of the Great Lakes is to continue. This has been a provision, I might say, that I have been interested in since coming to the Congress 16 years ago and I am especially pleased that it is finally secure in the bill before us.

Mr. FARBSTEIN. Mr. Chairman, I strongly support H.R. 15424, the bill we have before us. There has been, in the past years, a deterioration of American shipping. The number of ships under American registry has sharply declined. This has meant that we have had to increasingly rely on ships with foreign registry to carry our supplies, a situation which represents a great peril to our defensive capabilities. It has also thrown many able-bodied American seamen out of jobs. I am privileged to represent many of these men, who are members of two great unions, the International Longshoremen and the National Maritime Union.

A great Nation such as ours cannot permit this kind of situation to continue. H.R. 15424 provides a partial solution. By authorizing a long-range merchant shipbuilding program to construct 300 new American ships in the next 10 years, it will enable our country to regain its dominant position as a seafaring nation.

I urge the adoption of this legislation.

Mr. GILBERT. Mr. Chairman, I rise in support of the pending legislation, the purpose of which is to bring our country's maritime program into line with our country's maritime potential.

There may be some in this Chamber who might feel that this is not a perfect piece of legislation—and I would agree with them. As a matter of fact, it seldom happens that we ever develop the perfect bill, because of the necessity for accommodating our desires to the realities of life. Certainly that is true with this bill.

This legislation provides for building 30 ships a year—but the age and the condition of our fleet, and the continuing growth of our international trade, indicate that we could utilize considerably more than 30 ships a year over the next decade to make ourselves fully competitive in the world market.

The legislation provides the first substantive assistance for our Great Lakes and fishing fleets—but it still leaves these fleets far from receiving the all-out assistance that they require in order to make up for the years of neglect to which they have been subjected.

The legislation provides some assistance for the ships which serve the offshore areas of our Nation—the States of Hawaii and Alaska, the Commonwealth of Puerto Rico and the territory of Guam—but not nearly as much assistance as could be extended, to help improve the waterborne commerce on which these areas rely for their economic existence.

The legislation provides for adherence to our historic policy of building American-flag ships in American shipyards, and it will be a boon for this long-neglected industry—but it still does not provide assistance for our shipyards to match the more than 1 billion American tax dollars which we poured into the postwar modernization of the shipyards of other nations which are now our shipbuilding competitors.

So this legislation is not perfect. Its significance lies in the fact that we are making a start toward correcting the deficiencies of the last several decades; we are beginning to make up for our neglect of the merchant fleet which has served America so well in the past, and which is being given the opportunity to continue to serve our Nation in the future.

This is an important beginning, Mr. Chairman, and I urge on my colleagues that we vote overwhelmingly for this legislation—as a signal to our own merchant marine of our intention to devote more time, energy, and money to this important industry; and as a signal to all of the other maritime nations around the globe that, once again, we intend to take our place among them as a leading maritime power.

Mr. BYRNE of Pennsylvania. Mr. Chairman, it is indeed gratifying to me that this country has at last produced a new maritime program. The bill which is before the House today embodies all the basic provisions of the President's maritime program as announced last October. In my opinion, it represents the best possible and workable solution to our maritime problems.

During the past few years the American merchant marine has found itself in the most unfortunate dilemma. All segments of management and labor recognized that our ships were overaged, that the 1936 act was outmoded, and that we were gradually but steadily declining both as a shipbuilding Nation as well as a maritime power. Yet, no suggested solution achieved anywhere near the necessary degree of support from all segments of the industry, of the executive branch, or of the Congress.

It is to the credit of the present administration that the experiences of the past few years were taken into consideration in the formulation of a new program. They came to realize that the proposal to build our ships abroad, letting our domestic shipbuilding facilities "go to pot," was not the right answer. They knew that dollars saved under such a proposal would be dearly paid for in time of emergency.

Mr. Chairman, the bill which the administration sent to the Congress contained the basic ingredients of a proper solution, but it was by no means perfect. The distinguished Chairman, Mr. GARMATZ, of the Merchant Marine and Fisheries Committee, of which I have the honor to serve as a member, conducted lengthy and detailed hearings on each and every provision—indeed, I might say, on each and every sentence of the administration's bill. No stone was left unturned in an endeavor to meet every objection from both labor and management which was voiced during these hearings. While there still remain doubts in certain quarters as to the efficacy of some few provisions of the bill, I can assure you, Mr. Speaker, that what we have brought to the floor represents the best considered judgment of all the members of the committee. I might say in this connection that the bill was reported out by unanimous vote.

This is a bill presenting a challenge and an opportunity to the maritime industry. It is not overly liberal in the subsidy aspect of the program. In fact, it represents a tightening of the belt insofar as the taxpayer contribution to the merchant marine is concerned. I am perfectly satisfied that with the incentive, the ingenuity, and the resourcefulness of both the American shipbuilders and ship operators that we can meet the challenge which the program has laid down.

Representing as I do the great Port of Philadelphia and the great maritime community which exists within our port, it is my distinct privilege and honor to support with all the strength at my command the bill which is before you today.

Mr. GARMATZ. Mr. Chairman, I have no further requests for time.

Mr. MAILLIARD. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the substitute committee amendment printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 of the Merchant Marine Act, 1936 (46 U.S.C. 1101), is amended as follows:

(1) by striking out of subdivision (a) the words "on all routes".

(2) by striking out the final "and" in subdivision (c) and changing the period at the end of subdivision (d) to a comma and inserting "and (e) supplemented by efficient facilities for shipbuilding and ship repair."

SEC. 2. Section 209(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1119(b)), is amended by striking the period at the end thereof and inserting a colon and the following: "*Provided, however,* That the Secretary of Commerce is authorized prior to June 30, 1980, to approve applications and enter into contracts for construction-differential subsidy and for the the cost of national defense features incident to the construction of 300 ships for operation in foreign commerce of such size, type, and design as he may consider best suited to carry out the purposes and policy of this Act."

SEC. 3. Section 210 of the Merchant Marine Act, 1936 (46 U.S.C. 1120), is amended as follows:

(1) by striking out of the second paragraph the words "on all routes".

(2) by inserting a new fifth paragraph as follows:

"Fourth, the creation and maintenance of shipbuilding and repair facilities in the United States with adequate numbers of skilled personnel to provide an adequate mobilization base."

SEC. 4. Section 211 of the Merchant Marine Act, 1936 (46 U.S.C. 1121), is amended as follows:

(1) By striking the final "and" in subsection (a) and inserting a comma in lieu thereof and changing the semicolon to a comma and inserting the words "and to other national requirements;".

(2) By redesignating subsections (b), (c), (d), (e), (f), (g), (h), and (i), as subsections (c), (d), (e), (f), (g), (h), (i), and (j), respectively.

(3) By inserting a new subsection (b) to read as follows:

"(b) The bulk cargo carrying services that should, for the promotion, development, expansion, and maintenance of the foreign commerce of the United States and for the national defense or other national requirements be provided by United States-flag vessels whether or not operating on particular services, routes, or lines;"

(4) Redesignated subsection (c) is amended by inserting after the word "speed," the words "method of propulsion,".

(5) Redesignated subsection (c) is amended by inserting at the end thereof, immediately before the semicolon, a comma and the words "or which should be employed to provide the bulk cargo carrying services necessary to the promotion, maintenance, and expansion of the foreign commerce of the United States and its national defense or other national requirements whether or not such vessels operate on a particular service, route, or line".

SEC. 5. Redesignated subsection (e) of section 211 of the Merchant Marine Act, 1936, is amended as follows:

(a) By striking out the words "in particular services, routes, and lines".

(b) By striking out the words "service, route, or line" and inserting in lieu thereof the word "vessel".

Mr. GARMATZ (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of sections 1 through 5, ending on line 8, page 42, and that they be printed in the RECORD and open to amendment at any point.

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

There was no objection.

The CHAIRMAN. Are there any amendments to be offered to sections 1, 2, 3, 4, or 5? If not, the Clerk will read.

The Clerk read as follows:

SEC. 6. Section 501 of the Merchant Marine Act, 1936 (46 U.S.C. 1151), is amended as follows:

(1) Subsection (a) is amended as follows:

(a) By striking out the words "Any citizen of the United States" and inserting in lieu thereof the words "Any proposed ship purchaser who is a citizen of the United States or any shipyard of the United States".

(b) By inserting in subdivision (2) after the designation (2) the words "if the applicant is the proposed ship purchaser" and a comma.

(c) By striking out of subdivision (3) the words "to replace worn-out or obsolete tonnage with new and modern ships, or otherwise".

(d) By the insertion of a new sentence at the end of subdivision (3) to read as follows: "The Secretary of Commerce may give preferred consideration to applications that will tend to reduce construction-differential subsidies and that propose the construction of ships of high transport capability and productivity."

(2) Subsection (c) is amended by inserting in the first sentence after the words "Any citizen of the United States" the words "or any shipyard of the United States".

SEC. 7. Section 502 of the Merchant Marine Act, 1936 (46 U.S.C. 1152), is amended as follows:

(1) Subsection (a) is amended as follows:

(a) By striking out of the first sentence the words ", on behalf of the applicant,".

(b) By striking out of the second sentence the words "applicant, the Commission" and inserting in lieu thereof the words "proposed ship purchaser if he is the applicant, the Secretary of Commerce".

(c) By inserting after the second sentence the following new sentence: "Notwithstanding the provisions of section 505 of this Act, the Secretary of Commerce is authorized, at any time prior to June 30, 1973, to accept a price for the construction of the ship which has been negotiated between a shipyard and a proposed ship purchaser if (i) the negotiated price will result in a construction-differential subsidy that is equal to or less than 45 per centum in fiscal 1971, 43 per centum in fiscal 1972, and 41 per centum in fiscal 1973; (ii) the proposed ship purchaser and the shipyard submit backup cost details and evidence that the negotiated price is fair and reasonable; (iii) the Secretary of Commerce finds that the negotiated price is fair and reasonable; and (iv) the shipyard agrees that the Comptroller General of the United States or any of his duly authorized representatives shall, until the expiration of three years after final payment have access to and the right to examine any directly pertinent books, documents, papers, and records of the shipyard or any of its subcontractors related to the negotiation or performance of any contract or subcontract negotiated under this subsection and will include in its subcontracts a provision to that effect."

(d) By striking out of the last sentence the words "with the applicant for the purchase by him" and inserting in lieu thereof the words "for the sale" immediately prior to the words "of such vessel" and by inserting after the words "upon its completion," the words "to the applicant if he is the proposed ship purchaser and if not to another citizen of the United States, if the Secretary of Commerce determines that such citizen possesses the ability, experience, financial resources, and other qualifications necessary to enable it to operate and maintain the vessel".

(2) Subsection (b) is amended as follows:

(a) By striking out of the first sentence the word "may" and inserting in lieu thereof the word "shall".

(b) By striking out of the first sentence the words "the construction of the proposed vessel", and inserting in lieu thereof the words "the construction of that type vessel".

(c) By the insertion after the first sentence of subsection (b) of three new sentences to read as follows: "The Secretary shall recompute such estimated foreign cost periodically, as necessary. Between recomputations the construction-differential subsidy shall be based on such estimated foreign cost, adjusted for the increases or decreases in labor and material costs. Such adjustments shall be based on the most reliable available statistics showing such increases or decreases."

(d) By striking out of the next to the last sentence the words "in any case exceeds the foregoing applicable percentage of such cost" and inserting in lieu thereof the words "exceeds the following percentages: in fiscal year 1971, 45 per centum; in fiscal year 1972, 43 per centum; in fiscal year 1973, 41 per centum; in fiscal year 1974, 39 per centum; in fiscal year 1975, 37 per centum; in fiscal year 1976 and thereafter, 35 per centum,".

(e) By inserting in the next to the last sentence after the words "the Secretary may negotiate" the words "with any bidder, whether or not such bidder is the lowest bidder" and a comma; by striking out the words "on behalf of the applicant" and inserting in lieu thereof the words "with such bidder, notwithstanding the provisions of section 505 with respect to competitive bidding,"; and by inserting before the words "or less" at the end of the sentence a comma and the words "or as close thereto as possible,".

(f) By inserting after the next to the last sentence the following new sentence: "Commencing with the fiscal year 1972 no construction contract requiring a construction-differential in excess of the applicable percentages set forth in the preceding sentence shall be entered into unless the Secretary shall have given due consideration to the likelihood that the above percentages will not be attained and that the commitment to the ship construction program may not be continued. If the Secretary of Commerce enters into such a contract, he shall notify the Commission on American Shipbuilding of such contract and the Commission on American Shipbuilding shall, not later than six months after such notification, submit its report on the American shipbuilding industry."

(3) Subsection (c) is amended as follows:

(a) By inserting after the third word the words "of sale".

(b) By striking out the word "applicant" wherever it appears, and inserting in lieu thereof the word "purchaser".

(c) By striking out of the third sentence the words "at the rate of 3½ per centum per annum".

(d) By striking out of the third sentence the words "applicant's purchase" and inserting in lieu thereof the words "purchaser's portion of the".

(e) By striking out of the third sentence the word "applicant's" and inserting in lieu thereof the word "purchaser's".

(f) By inserting in the third sentence, immediately before the period at the end thereof, the words "at a rate not less than (i) a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus (ii) an allowance adequate in the judgment of the Secretary of Commerce to cover administrative costs".

(g) By striking out of the last sentence the words "of 3½ per centum per annum" and inserting in lieu thereof the words "per annum applicable to payments that are chargeable to the purchaser's portion of the price of the vessel".

(4) Subsection (e) is amended as follows:

(a) By striking out of the first sentence the words "the applicant" and inserting in lieu thereof the words "a citizen of the United States".

(b) By striking out of the third sentence the words "an applicant" and inserting in lieu thereof the words "a citizen of the United States".

(5) Subsection (f) is amended as follows:

(a) By striking out the word "applicant" wherever it appears and inserting in lieu thereof the word "purchaser".

(b) By striking out of the fourth sentence of the second paragraph the words "on any" and inserting in lieu thereof the words "in an".

(c) By striking out of the fourth sentence of the second paragraph the words "of the operator".

(6) Subsection (g) is amended as follows:

(a) By striking out of the first sentence the word "agreement" and inserting in lieu thereof the word "application".

(b) By striking out of the first sentence the words "an applicant under this title" and inserting in lieu thereof the words "any citizen of the United States".

SEC. 8. Section 503 of the Merchant Marine Act, 1936 (46 U.S.C. 1153), is amended as follows:

(1) By striking out the word "applicant" wherever it appears and inserting in lieu thereof the word "purchaser".

(2) By striking out of the first sentence the words "purchase between the applicant and the Commission" and inserting in lieu thereof the words "sale between the purchaser and the Secretary of Commerce."

SEC. 9. Section 504 of the Merchant Marine Act, 1936 (46 U.S.C. 1154), is amended as follows:

(1) By striking out the first three sentences.

(2) By inserting, after the section number, a new sentence to read as follows:

"If a qualified purchaser under the terms of this title desires to purchase a vessel to be constructed in accordance with an application for construction-differential subsidy under this title, the Secretary of Commerce may, in lieu of contracting to pay the entire cost of the vessel under section 502, contract to pay only construction-differential subsidy and the cost of national defense features to the shipbuilder constructing such vessel. The construction-differential subsidy and payments for the cost of national defense features shall be based upon the lowest responsible domestic bid unless the vessel is constructed at a negotiated price as provided by section 502(a) or under a contract negotiated by the Secretary of Commerce as provided in section 502(b) in which event the construction-differential subsidy and payments for the cost of national defense features shall be based upon such negotiated price."

SEC. 10. Section 505 of the Merchant Marine Act, 1936 (46 U.S.C. 1155), is amended as follows:

(1) Subsection (a) is amended as follows:

(a) By striking out the designation "(a)".

(b) By striking out the first sentence the words "within the continental limits".

(c) By striking out of the first sentence the words "the applicant to reject, and in".

(d) By striking out of the second sentence the words "In all such construction the shipbuilder, subcontractors, materialmen, or suppliers shall use," and inserting in lieu thereof the words "Any material or other articles used in the construction of a vessel and included in the United States construction cost for the purpose of determining the construction-differential subsidy payable and all major components of the hull and superstructure and any material used in the construction thereof shall,".

(e) By striking out of the second sentence the words "only articles, materials, and supplies" and inserting in lieu thereof the word "be".

(f) By striking out the last sentence and inserting in lieu thereof the following sentence: "For the purposes of this title V, the term 'shipyard of the United States' means shipyards within any of the United States and the Commonwealth of Puerto Rico."

(2) By striking out subsections (b), (c), (d), and (e).

SEC. 11. (a) Section 510(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1160(a)), is amended as follows:

(1) By striking out of paragraph (1) all of subdivision (B) other than the final word "and", and inserting in lieu thereof the words "in the judgment of the Secretary of Commerce, should, by reason of age, absolescence, or otherwise, be replaced in the public interest".

(2) By striking out of subdivision (C) of paragraph (1) the words "is owned" and inserting in lieu thereof the words "has been owned".

(3) By striking out of subdivision (C) of paragraph (1) the words "and has been owned by such citizen or citizens".

(4) By striking out of paragraph (1) the proviso its entirety.

(b) Section 510(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1160(b)), is amended by striking out of the next to the last sentence the words "capital reserve fund" and inserting in lieu thereof the words "capital construction fund".

SEC. 12. Section 510(1) of the Merchant Marine Act, 1936 (46 U.S.C. 1160(1)), is amended as follows:

(1) By striking out of the first paragraph the year "1970" and inserting in lieu thereof the year "1972".

(2) By striking out of the first paragraph the words "which were constructed or contracted for by the United States shipyards before September 3, 1945," and inserting in lieu thereof the words "which were constructed in the United States,".

(3) By striking out of the first paragraph the words "war-built vessels (which are defined for purposes of this subsection as".

(4) By striking out of the first paragraph the words "which were constructed or contracted for by the United States shipyards during the period beginning September 3, 1939, and ending September 2, 1945)".

Mr. GARMATZ (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of sections 6 through 12, ending on line 6, page 52, and that they be printed in the RECORD and open to amendment at any point.

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

There was no objection.

The CHAIRMAN. Are there any amendments to be offered to sections 6 through 12? If not, the Clerk will read.

The Clerk read as follows:

SEC. 13. Section 601(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1171(a)), is amended as follows:

(1) By inserting after the first sentence a new sentence to read as follows: "In this title VI the term 'essential service' means the operation of a vessel on a service, route, or line described in section 211(a) or in bulk cargo carrying service described in section 211(b).".

(2) By striking out of subdivision (1) the words "such service, route, or line" and inserting in lieu thereof the words "an essential service".

(3) By striking from subdivision (2) the words "and maintain the service, route, or line" and inserting in lieu thereof the words "in an essential service".

SEC. 14. Section 603(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1173(a)), is amended as follows:

(1) By striking out the words "such service, route, or line," and inserting in lieu thereof the words "an essential service".

SEC. 15. Section 603(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1173(b)), is amended as follows:

(1) By striking out of the first sentence the words "on a service, route, or line" and inserting in lieu thereof the words "in an essential service".

(2) By inserting in the first sentence following the words "shall not exceed the excess of" the words "the subsidizable wage costs of the United States officers and crews,".

(3) By inserting in the first sentence after the words "cost of insurance," the words "subsistence of officers and crews on passenger vessels, as defined in section 613 of this Act,".

(4) By striking out of the first sentence the words "wages and subsistence of officers and crews, and any other items of expense in which the Commission shall find and determine that the applicant is at a substantial disadvantage in competition with vessels of the foreign country hereinafter referred to,".

(5) By inserting before the period at the end of the first sentence a colon and a proviso to read as follows: *"Provided, however,* That the Secretary of Commerce may, with respect to any vessel in an essential bulk cargo carrying service as described in section 211(b), pay, in lieu of the operating-differential subsidy provided by this subsection (b), such sums as he shall determine to be necessary to make the cost of operating such vessel competitive with the cost of operating similar vessels under the registry of a foreign country".

SEC. 16. Section 603(c) of the Merchant Marine Act, 1936 (46 U.S.C. 1173(c)), is amended as follows:

(1) By redesignating the subsection as subsection (f) and inserting new subsections (c), (d), and (e) as follows:

"(c)(1) When used in this section—

"(A) The term 'collective bargaining costs' means the annual cost, calculated on the basis of the per diem rate of expense as of any date, of all items of expense required of the applicant through collective bargaining or other agreement, covering the employment of United States officers and crew of a vessel, including payments required by law to assure old-age pensions, unemployment benefits, or similar benefits but excluding subsistence of officers and crews on vessels other than passenger vessels as defined in section 613 of this Act and costs relating thereto:

"(i) the officers or members of the crew that the Secretary of Commerce has found, prior to the award of a contract for the construction or reconstruction of a vessel, to be unnecessary for the efficient and economical operation of such vessel: *Provided,* That the Secretary of Commerce shall afford representatives of the collective-bargaining unit or units responsible for the manning of the vessel an opportunity to comment on such finding prior to the effective date of such finding, or

"(ii) those officers or members of the crew that the Secretary of Commerce has found, prior to the date of enactment of this subsection, to be unnecessary for the efficient and economical operation of the vessel.

"(B) The term 'base period costs' means for the base period beginning July 1, 1970, and ending June 30, 1971, the collective-bargaining costs as of January 1, 1971, less all other items of cost that have been disallowed by the Secretary of Commerce prior to the date of enactment of this subsection, and not already excluded from collective-bargaining costs under subparagraph (A)(i) or (A)(ii) of this subsection. In any subsequent base period the term 'base period costs' means the average of the subsidizable wage cost of United States officers and crews for the preceding annual period ending June 30 (calculated without regard to the limitation of the last sentence of paragraph (D) of this subdivision but increased or decreased by the increase or decrease in the index described in subdivision (3) of this subsection from January 1 of such annual period to January 1 of the base period), and the collective-bargaining costs as of January 1 of the base period: *Provided,* That in no event shall the base period cost be such that the difference between the base period cost and the collective-bargaining costs as of January 1 of any base period subsequent to the first base period exceeds five-fourths of 1 per centum of the collective-bargaining costs as of such January 1 multiplied by the number of years that have elapsed since the most recent base period.

"(C) The term 'base period' means any annual period beginning July 1, and ending June 30 with respect to which a base period cost is established. The Secretary of Commerce shall not start a new base period unless he announces his intention to do so prior to the December 31 that would be included in the new base period.

"(D) The term 'subsidizable wage costs of United States officers and crews' in any period other than a base period means the most recent base period costs increased or decreased by the increase or decrease from January 1 of such base period to January 1 of such period in the index described in subdivision (3) hereof, and with respect to a base period means the base period cost. The subsidizable wage costs of United States officers and crews in any period other than a base period shall not be less than 90 per centum of the collective-bargaining costs as of January 1 of such period nor greater than 110 per centum of such collective-bargaining costs.

"(2) The Secretary of Commerce shall determine the collective-bargaining costs on ships in subsidized operation as of January 1, 1971, and as of each January 1 thereafter, and shall as of intervals of not less than two years nor more than four years, establish a new base period cost.

"(3) The Bureau of Labor Statistics shall compile the index referred to in subdivision (1). Such index shall consist of the average annual change in wages and benefits placed into effect for employees covered by collective-bargaining agreements with equal weight to be given to changes affecting employees in the transportation industry (excluding the offshore maritime industry) and to changes affecting employees in private nonagricultural industries other than transportation. Such index shall be based on the materials regularly used by the Bureau of Labor Statistics in compiling its regularly published statistical series on wage and benefit changes arrived at through collective bargaining. Such materials shall remain confidential and not be subject to disclosure.

"(d) Each foreign wage cost computation shall be made after an opportunity is given to the contractor to submit in writing and in timely fashion all relevant data within his possession. In making the computation, the Secretary shall consider all relevant matter so presented and all foreign wage cost data collected at his request or on his behalf. Such foreign cost data shall be made available to an interested operator, unless the Secretary shall find that disclosure of the data will prevent him from obtaining such data in the future. In determining foreign manning for purposes of this section, the foreign manning determined for any ship type with respect to any base period shall not be redetermined until the end of such period.

"(e) The wage subsidy shall be payable monthly for the voyages completed during the month, upon the operator's certification that the subsidized vessels were in authorized service during the month. The Secretary of Commerce shall prescribe procedures for the calculation and payment of subsidy on items of expense which are included in 'collective-bargaining costs' but are not included in the daily rate because they are unpredictably timed."

(2) Redesignated subsection (f) is amended to read as follows:

"(f) Ninety percent of the amount of the insurance and maintenance and repair and subsistence of officers and crews subsidy shall be payable monthly for the voyages completed during the month on the basis of the subsidy estimated to have accrued with respect to such voyages. Any such payment shall be made only after there has been furnished to the Secretary of Commerce such security as he deems to be reasonable and necessary to assure refund of any overpayment. The contractor and the Secretary of Commerce shall audit the voyage accounts as soon as practicable after such payment. The remaining 10 percent of such subsidy shall be payable after such audit."

SEC. 17. Section 605(c) of the Merchant Marine Act, 1936 (46 U.S.C. 1175(c)), is amended as follows:

(1) By striking out of the first sentence the words "on a service, route, or line" and inserting in lieu threof the words "in an essential service".

(2) By striking out of the first sentence the words "in such service, route, or line".

(3) By striking out of the first sentence the words "a service, route, or line" and inserting in lieu thereof the words "an essential service".

(4) By striking out of the first sentence the words "competitive services, routes, or lines," and inserting in lieu thereof the words "such essential service".

(5) By striking in the first sentence the words "line serving the route," and inserting in lieu thereof the words "operator serving such essential service,".

SEC. 18. Section 606 of the Merchant Marine Act, 1936 (46 U.S.C. 1176), is amended as follows:

(1) By striking out of subdivision (3) the words "the service, route, or line" and inserting in lieu thereof the words "an essential service".

(2) By striking out of subdivision (4) the words "on such service, route, or line" and inserting in lieu thereof the words, "in such an essential service,".

(3) By striking out of subdivision (4) the words "service, route, or line", wherever they appear, and inserting in lieu thereof the words "essential service".

(4) By striking out subdivision (5) in its entirety.

(5) By redesignating subdivision (6) as subdivision (5).

(6) By striking out of redesignated subdivision (5) the words "the vessel's services, routes, and lines" and inserting in lieu thereof the words "essential services".

(7) By striking out of redesignated subdivision (5) the word "cruises" and inserting in lieu thereof the word "services".

(8) By striking out of redesignated subdivision (5) the words "the most" and inserting in lieu thereof the word "an".

(9) By striking out of redesignated subdivision (5) the words "but with due regard to the wage and manning scales and working conditions prescribed by the Commission as provided in title III".

(10) By redesignating subdivision (7) as subdivision (6).

(11) By striking out of redesignated subdivision (6) the words "the operator shall use" and inserting in lieu thereof the words "an operator who receives subsidy with respect to subsistence of officers and crews

shall use as such subsistence item"; by striking out of that subdivision the words "and equipment"; by striking out of that subdivision the words "and the operator shall perform repairs to subsidized vessels within the continental limits of the United States," and inserting in lieu thereof the words "and an operator who receives subsidy with respect to repairs shall perform such repairs within any of the United States or the Commonwealth of Puerto Rico,"; and by striking the last sentence thereof.

SEC. 19. (a) Section 607 of the Merchant Marine Act, 1936 (46 U.S.C. 1177), is amended to read as follows:

"§ 607. Capital construction funds

"(a) Agreement Rules.

"Any citizen of the United States owning or leasing one or more eligible vessels (as defined in subsection (k)(1)) may enter into an agreement with the Secretary of Commerce under, and as provided in, this section to establish a capital construction fund (hereinafter in this section referred to as the 'fund') with respect to any or all of such vessels. Any agreement entered into under this section shall be for the purpose of providing replacement or additional vessels built in the United States and documented under the laws of the United States for operation in the United States foreign, Great Lakes, or noncontiguous domestic trade or in the fisheries of the United States and shall provide for the deposit in the fund of the amounts agreed upon as necessary or appropriate to provide for qualified withdrawals under subsection (f). The deposits in the fund, and all withdrawals from the fund, whether qualified or nonqualified, shall be subject to such conditions and requirements as the Secretary of Commerce may by regulations prescribe or are set forth in such agreement; except that the Secretary of Commerce may not require any person to deposit in the fund for any taxable year more than 50 percent of that portion of such person's taxable income for such year (computed in the manner provided in subsection (b)(1)(A)) which is attributable to the operation of the agreement vessels.

"(b) Ceiling on Deposits.

"(1) The amount deposited under subsection (a) in the fund for any taxable year shall not exceed the sum of:

"(A) that portion of the taxable income of the owner or lessee for such year (computed as provided in chapter 1 of the Internal Revenue Code of 1954 but without regard to the carryback of any net operating loss or net capital loss and without regard to this section) which is attributable to the operation of the agreement vessels in the foreign or domestic commerce of the United States or in the fisheries of the United States,

"(B) the amount allowable as a deduction under section 167 of the Internal Revenue Code of 1954 for such year with respect to the agreement vessels,

"(C) if the transaction is not taken into account for purposes of subparagraph (A), the net proceeds (as defined in joint regulations) from (i) the sale or other disposition of any agreement vessel, or (ii) insurance or indemnity attributable to any agreement vessel, and

"(D) the receipts from the investment or reinvestment of amounts held in such fund.

"(2) In the case of a lessee, the maximum amount which may be deposited with respect to an agreement vessel by reason of paragraph (1)(B) for any period shall be reduced by any amount which, under an agreement entered into under this section, the owner is required or permitted to deposit for such period with respect to such vessel by reason of paragraph (1)(B).

"(3) For purposes of paragraph (1), the term 'agreement vessel' includes barges and containers which are part of the complement of such vessel and which are provided for in the agreement.

"(c) Requirements as to Investments.

"Amounts in any fund established under this section shall be kept in the depository or depositories specified in the agreement and shall be subject to such trustee and other fiduciary requirements as may be specified by the Secretary of Commerce. They may be invested only in interest-bearing securities approved by the Secretary of Commerce; except that, if the Secretary of Commerce consents thereto, an agreed percentage (not in excess of 60 percent) of the assets of the fund may be invested in the stock of domestic corporations. Such stock must be currently fully listed and registered on an exchange registered with the Securities and Exchange Commission as a national securities exchange, and must be stock which would be acquired by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and the preservation of their capital. If at any time the fair market value of the stock in the fund is more than the agreed percentage of the assets in the fund, any subsequent investment of amounts deposited in the fund, and any subsequent withdrawal from the fund, shall be made in such a way as to restore the fund to a situation in which the fair market value of the stock does not exceed such agreed percentage. For purposes of this subsection, if the common stock of a corporation meets the requirements of this subsection and if the preferred stock of such corporation would meet such requirements but for the fact that it cannot be listed and registered as required because it is nonvoting stock, such preferred stock shall be treated as meeting the requirements of this subsection.

"(d) Nontaxability for Deposits.

"(1) For purposes of the Internal Revenue Code of 1954—

"(A) taxable income (determined without regard to this section) for the taxable year shall be reduced by an amount equal to the amount deposited for the taxable year out of amounts referred to in subsection (b)(1)(A),

"(B) gain from a transaction referred to in subsection (b)(1)(C) shall not be taken into account if an amount equal to the net proceeds (as defined in joint regulations) from such transaction is deposited in the fund,

"(C) the earnings (including gains and losses) from the investment and reinvestment of amounts held in the fund shall not be taken into account,

"(D) the earnings and profits of any corporation (within the meaning of section 316 of such Code) shall be determined without regard to this section, and

"(E) in applying the tax imposed by section 531 of such Code (relating to the accumulated earnings tax), amounts while held in the fund shall not be taken into account.

"(2) Paragraph (1) shall apply with respect to any amount only if such amount is deposited in the fund pursuant to the agreement and not later than the time provided in joint regulations.

"(e) Establishment of Accounts.

"For purposes of this section—

"(1) Within the fund established pursuant to this section three accounts shall be maintained:

"(A) the capital account,

"(B) the capital gain account, and

"(C) the ordinary income account.

"(2) The capital account shall consist of—

"(A) amounts referred to in subsection (b)(1)(B),

"(B) amounts referred to in subsection (b)(1)(C) other than that portion thereof which represents gain not taken into account by reason of subsection (d)(1)(B),

"(C) 85 percent of any dividend received by the fund with respect to which the person maintaining the fund would (but for subsection (d)(1)(C)) be allowed a deduction under section 243 of the Internal Revenue Code of 1954, and

"(D) interest income exempt from taxation under section 103 of such Code.

"(3) The capital gain account shall consist of—

"(A) amounts representing capital gains on assets held for more than 6 months and referred to in subsection (b)(1)(C) or (b)(1)(D) reduced by

"(B) amounts representing capital losses on assets held in the fund for more than 6 months.

"(4) The ordinary income account shall consist of—

"(A) amounts referred to in subsection (b)(1)(A),

"(B)(i) amounts representing capital gains on assets held for 6 months or less and referred to in subsection (b)(1)(C) or (b)(1)(D), reduced by—

"(ii) amounts representing capital losses on assets held in the fund for 6 months or less.

"(C) interest (not including any tax-exempt interest referred to in paragraph (2)(D)) and other ordinary income (not including any dividend referred to in subparagraph (E)) received on assets held in the fund,

"(D) ordinary income from a transaction described in subsection (b)(1)(C), and

"(E) 15 percent of any dividend referred to in paragraph (2)(C).

"(5) Except on termination of a fund, capital losses referred to in paragraph (3)(B) or in paragraph (4)(B)(ii) shall be allowed only as an offset to gains referred to in paragraph (3)(A) or (4)(B)(i), respectively.

"(f) Purposes of Qualified Withdrawals.

"(1) A qualified withdrawal from the fund is one made in accordance with the terms of the agreement but only if it is for:

"(A) the acquisition, construction, or reconstruction of a qualified vessel,

"(B) the acquisition, construction, or reconstruction of barges and containers which are part of the complement of a qualified vessel, or

"(C) the payment of the principal on indebtedness incurred in connection with the acquisition, construction or reconstruction of a qualified vessel or a barge or container which is part of the complement of a qualified vessel.

Except to the extent provided in regulations prescribed by the Secretary of Commerce, subparagraph (B), and so much of subparagraph (C) as relates only to barges and containers, shall apply only with respect to barges and containers constructed in the United States.

"(2) Under joint regulations, if the Secretary of Commerce determines that any substantial obligation under any agreement is not being fulfilled, he may, after notice and opportunity for hearing to the person maintaining the fund, treat the entire fund or any portion thereof as an amount withdrawn from the fund in a nonqualified withdrawal.

"(g) Tax Treatment of Qualified Withdrawals.

"(1) Any qualified withdrawal from a fund shall be treated—

"(A) first as made out of the capital account,

"(B) second as made out of the capital gain account, and

"(C) third as made out of the ordinary income account.

"(2) If any portion of a qualified withdrawal for a vessel, barge, or container is made out of the ordinary income account,

the basis of such vessel, barge, or container shall be reduced by an amount equal to such portion.

"(3) If any portion of a qualified withdrawal for a vessel, barge, or container is made out of the capital gain account, the basis of such vessel, barge, or container shall be reduced by an amount equal to—

"(A) Five-eighths of such portion, in the case of a corporation (other than an electing small business corporation, as defined in section 1371 of the Internal Revenue Code of 1954), or

"(B) One-half of such portion, in the case of any other person.

"(4) If any portion of a qualified withdrawal to pay the principal on any indebtedness is made out of the ordinary income account or the capital gain account, then an amount equal to the aggregate reduction which would be required by paragraphs (2) and (3) if this were a qualified withdrawal for a purpose described in such paragraphs shall be applied, in the order provided in joint regulations, to reduce the basis of vessels, barges, and containers owned by the person maintaining the fund. Any amount of a withdrawal remaining after the appliction of the preceding sentence shall be treated as a nonqualified withdrawal.

"(5) If any property the basis of which was reduced under paragraph (2), (3), or (4) is disposed of, any gain realized on such disposition, to the extent it does not exceed the aggregate reduction in the basis of such property under such paragraphs, shall be treated as an amount referred to in subsection (h) (3) (A) which was withdrawn on the date of such disposition. Subject to such conditions and requirements as may be provided in joint regulations, the preceding sentence shall not apply to a disposition where there is a redeposit in an amount determined under joint regulations which will, insofar as practicable, restore the fund to the position it was in before the withdrawal.

"(h) Tax Treatment of Nonqualified Withdrawals.

"(1) Except as provided in subsection (i), any withdrawal from a fund which is not a qualified withdrawal shall be treated as a nonqualified withdrawal.

"(2) Any nonqualified withdrawal from a fund shall be treated—

"(A) first as made out of the ordinary income account,

"(B) second as made out of the capital gain account, and

"(C) third as made out of the capital account.

For purposes of this section, items withdrawn from any account shall be treated as withdrawn on a first-in-first-out basis; except that (i) any nonqualified withdrawal for research, development, and design expenses incident to new and advanced ship design machinery and equipment, and (ii) any amount treated as a nonqualified withdrawal under the second sentence of subsection (g) (4), shall be treated as withdrawn on a last-in-first-out basis.

"(3) For purposes of the Internal Revenue Code of 1954—

"(A) any amount referred to in paragraph (2) (A) shall be included in income as an item of ordinary income for the taxable year in which the withdrawal is made,

"(B) any amount referred to in paragraph (2) (B) shall be included in income for the taxable year in which the withdrawal is made as an item of gain realized during such year from the disposition of an asset held for more than 6 months, and

"(C) for the period on or before the last date prescribed for payment of tax for the taxable year in which the withdrawal is made—

"(i) no interest shall be payable under section 6601 of such Code and no addition to the tax shall be payable under section 6651 of such Code,

"(ii) interest on the amount of the additional tax attributable to any item referred to in subparagraph (A) or (B) shall be paid at the applicable rate (as defined in paragraph (4)) from the last date prescribed for payment of the tax for the taxable year for which such item was deposited in the fund, and

"(iii) no interest shall be payable on amounts referred to in clauses (i) and (ii) of paragraph (2) or in the case of any nonqualified withdrawal arising from the application of the recapture provision of section 606(5) of the Merchant Marine Act of 1936 as in effect on December 31, 1969.

"(4) For purposes of paragraph (3) (C) (ii), the applicable rate of interest for any nonqualified withdrawal—

"(A) made in a taxable year beginning in 1970 or 1971 is 8 percent, or

"(B) made a taxable year beginning after 1971, shall be determined and published jointly by the Secretary of the Treasury and the Secretary of Commerce and shall bear a relationship to 8 percent which the Secretaries determine under joint regulations to be comparable to the relationship which the money rates and investment yields for the calendar year immediately preceding the beginning of the taxable year bear to the money rates and investment yields for the calendar year 1970.

"(i) Certain Corporate Reorganizations and Changes in Partnerships.

"Under joint regulations—

"(1) a transfer of a fund from one person to another person in a transaction to which section 381 of the Internal Revenue Code of 1954 applies may be treated as if such transaction did not constitute a non-qualified withdrawal, and

"(2) a similar rule shall be applied in the case of a continuation of a partnership (within the meaning of subchapter K of such Code).

"(j) Treatment of Existing Funds.

"(1) Any person who was maintaining a fund or funds (hereinafter in this subsection referred to as 'old fund') under this section (as in effect before the enactment of this subsection) may elect to continue such old fund but—

"(A) may not hold moneys in the old fund beyond the expiration date provided in the agreement under which such old fund is maintained (determined without regard to any extension or renewal entered into after April 14, 1970),

"(B) may not simultaneously maintain such old fund and a new fund established under this section, and

"(C) if he enters into an agreement under this section to establish a new fund, may agree to the extension of such agreement to some or all of the amounts in the old fund.

"(2) In the case of any extension of an agreement pursuant to paragraph (1) (C), each item in the old fund to be transferred shall be transferred in a nontaxable transaction to the appropriate account in the new fund established under this section. For purposes of subsection (h) (3) (C), the date of the deposit of any item so transferred shall be July 1, 1971, or the date of the deposit in the old fund, whichever is the later.

"(k) Definitions.

"For purposes of this section—

"(1) The term 'eligible vessel' means any vessel—

"(A) constructed in the United States and, if reconstructed, reconstructed in the United States,

"(B) documented under the laws of the United States, and

"(C) operated in the foreign or domestic commerce of the United States or in the fisheries of the United States.

Any vessel which (i) was constructed outside of the United States but documented under the laws of the United States on April 15, 1970, or (ii) constructed outside the United States for use in the United States foreign trade pursuant to a contract entered into before April 15, 1970, shall be treated as satisfying the requirements of subparagraph (A) of this paragraph and the requirements of subparagraph (A) of paragraph (2).

"(2) The term 'qualified vessel' means any vessel—

"(A) constructed in the United States and, if reconstructed, reconstructed in the United States,

"(B) documented under the laws of the United States, and

"(C) which the person maintaining the fund agrees with the Secretary of Commerce will be operated in the United States foreign, Great Lakes, or noncontiguous domestic trade or in the fisheries of the United States.

"(3) The term 'agreement vessel' means any eligible vessel or qualified vessel which is subject to an agreement entered into under this section.

"(4) The term 'United States', when used in a geographical sense, means the continental United States including Alaska, Hawaii, and Puerto Rico.

"(5) The term 'United States foreign trade' includes (but is not limited to) those voyages in domestic trade in which a vessel built with construction-differential subsidy is permitted to operate under the first sentence of section 506 of this Act.

"(6) The term 'joint regulations' means regulations prescribed under subsection (l).

"(7) The term 'vessel' includes cargo handling equipment which the Secretary of Commerce determines is intended for use primarily on the vessel. The term 'vessel' also includes an ocean-going towing vessel or an ocean-going barge.

"(l) Records; Reports; Changes in Regulations

"Each person maintaining a fund under this section shall keep such records and shall make such reports as the Secretary of Commerce or the Secretary of the Treasury shall require. The Secretary of the Treasury and the Secretary of Commerce shall jointly prescribe all rules and regulations, not inconsistent with the foregoing provisions of this section, as may be necessary or appropriate to the determination of tax liability under this section. If, after an agreement has been entered into under this section, a change is made either in the joint regulations or in the regulations prescribed by the Secretary of Commerce under this section which could have a substantial effect on the rights or obligations of any person maintaining a fund under this section, such person may terminate such agreement."

(b) The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1969.

Mr. GARMATZ (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of sections 13 through 19, ending on line 24, page 76, and that they be printed in the RECORD and open to amendment at any point.

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

There was no objection.

The CHAIRMAN. Are there any amendments to be offered to sections 13 through 19? If not, the Clerk will read.

The Clerk read as follows:

SEC. 20. Section 803 of the Merchant Marine Act, 1936 (46 U.S.C. 1221), is amended by striking out the section in its entirety.

SEC. 21. Section 804 of the Merchant Marine Act, 1936 (46 U.S.C. 1222), is amended as follows:

(1) The words "its discretion" are stricken

out and the words "his discretion" are inserted in lieu thereof.

(2) The words "by affirmative vote of four of its members, except as provided in section 201(a)" and the comma that precedes them are stricken out.

(3) A colon and the following are inserted before the period at the end thereof: *"Provided further,* That this section shall not apply to any contractor under title VI, or those in the foregoing specified relationship to him, who is not such a contractor on April 15, 1970, and who becomes such a contractor after April 15, 1970, with respect to specific activities that he, or those in the specified relationship to him, are engaged in on April 15, 1970. Such contractor, or those in the foregoing specified relationship to him, may continue to engage in such of the aforesaid specific activities in which he was engaged on April 15, 1970, for a period of twenty years after the date he becomes such a contractor, after which time he, and those in the foregoing specified relationship to him, must divest themselves completely of such specific activities. During this twenty-year period, the contractor, or those in the foregoing specified relationship to him, may not acquire, charter or use directly or indirectly a foreign-flag vessel which was not owned, chartered or used directly or indirectly before April 15, 1970".

SEC. 22. Section 805 of the Merchant Marine Act, 1936 (46 U.S.C. 1223), is amended by striking out subsection (c) thereof.

SEC. 23. (a) Section 809 of the Merchant Marine Act, 1936 (46 U.S.C. 1213) is amended by inserting after the comma following the word "Gulf" the words "Great Lakes" and a comma.

(b) Section 605(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1175), is amended by deleting from the last sentence thereof the words "on the Great Lakes or".

SEC. 24. Section 1101(c) of the Merchant Marine Act, 1936 (46 U.S.C. 1271(c)), is amended as follows:

(1) By striking out the word "and" immediately before the words "floating drydocks".

(2) By inserting after the word "walls" and before the word "owned" a comma and the words "and oceanographic research or instruction vessels,".

SEC. 25. Section 1103(e) of the Merchant Marine Act, 1936 (46 U.S.C. 1273(e)), is amended by striking the figure "$1,000,000,000" and inserting in lieu thereof the figure "$3,000,000,000".

SEC. 26. Section 1104(a) of the Merchant Marine Act, 1936 (46 U.S.C. 1274(a)), is amended by inserting in paragraph (8) immediately before the words "commercial use" the words "research, or for".

SEC. 27. Section 1104(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1274(b)), is amended as follows:

(1) By inserting in paragraph (2) immediately before the words "commercial use" the words "research or for".

(2) By striking from paragraph (4) the words "be less than" and inserting in lieu thereof the words "not exceed".

(3) By inserting at the end of paragraph (4), immediately before the semicolon, a colon and a proviso to read as follows: *"Provided, however,* That in the case of a vessel, the size and speed of which are approved by the Secretary of Commerce, and which is eligible for mortgage aid for construction under section 509 of this Act and in respect of which the minimum downpayment by the mortgagor required by that section would be 12½ per centum of the cost of such vessel, the advance and the principal amount of all other advances under insured loans outstanding at the time of said advance shall not exceed 87½ per centum of such actual cost".

SEC. 28. Section 1214 of the Merchant Marine Act, 1936 (46 U.S.C. 1294), is amended by striking out the words "20 years from the date of enactment of this title" and inserting in lieu thereof the date "September 7, 1975".

SEC. 29. (a) The word "Commission" is stricken out of sections 210, 211, 501, 502, 503, 504, 505, 601(a), 602, 603, 605(c), and 606 of the Merchant Marine Act, 1936, wherever it appears, and the words "Secretary of Commerce" are inserted in lieu thereof.

(b) Subsection (a) of section 211 of the Merchant Marine Act, 1936, is amended by striking out the word "its" and inserting in lieu thereof the word "his".

(c) The second sentence of section 501(a) of the Merchant Marine Act, 1936, is amended by striking out the word "it" and inserting the word "he" in lieu thereof.

(d) The second sentence of section 501(c) of the Merchant Marine Act, 1936, is amended by striking out the word "its" and inserting the word "his" in lieu thereof.

(e) The first sentence of section 502(a) of the Merchant Marine Act, 1936, is amended by striking out the word "it" and inserting the word "he" in lieu thereof.

(f) The third sentence of section 502(c) of the Merchant Marine Act, 1936, is amended by striking out the word "Commission's" and inserting the words "Secretary of Commerce's" in lieu thereof.

(g) The next to the last sentence of section 502(e) of the Merchant Marine Act, 1936, is amended by striking out the word "its" and inserting in lieu thereof the word "his".

(h) The third sentence of section 601(a) of the Merchant Marine Act, 1936, is amended by striking out the word "it" and inserting the word "he" in lieu thereof.

(i) The first sentence of section 603(a) of the Merchant Marine Act, 1936, is amended by striking out the word "it" and inserting the word "he" in lieu thereof.

(j) The last sentence of section 605(c) of the Merchant Marine Act, 1936, is amended by striking out the word "it" and inserting the word "he" in lieu thereof.

(k) Section 606 of the Merchant Marine Act, 1936, is amended as follows:

(1) By striking out of subdivision (1) the word "its" wherever it appears and inserting in lieu thereof the word "his".

(2) By striking out of subdivision (1) and (3) the word "it" and inserting in lieu thereof the word "he".

(3) By striking out of subdivision (1) the word "Its" and inserting in lieu thereof the word "His".

SEC. 30. Section 201(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1111(b)), is amended by striking out the word "Commission" wherever it appears in the last sentence thereof and inserting in lieu thereof the words "Federal Maritime Commission".

SEC. 31. Section 303 of Reorganization Plan Numbered 21 of 1950 (64 Stat. 1273) is amended by striking out the words at the end thereof "or of the Maritime Administration".

SEC. 32. Section 301 of Reorganization Plan Numbered 7 of 1961 (75 Stat. 840) is amended by striking out the words "and to the Maritime Administrator and all other officers and employees of the Maritime Administration".

SEC. 33. The Act of April 29, 1941 (40 U.S.C. 270e), is hereby amended by adding a new section 2 to read as follows:

"SEC. 2. The Secretary of Commerce may waive the Act of August 24, 1935 (49 Stat. 793–794), with respect to contracts for the construction, alteration, or repair, of vessels of any kind or nature, entered into pursuant to the Act of June 30, 1932 (47 Stat. 382, 417–418), as amended, the Merchant Marine Act, 1936, or the Merchant Ship Sales Act of 1946, regardless of the terms of such contracts as to payment or title."

SEC. 34. (a) The amendments made by this Act shall not affect any contract with the Secretary of Commerce or his delegates that is in effect on the date of enactment of this Act. At the request of the other party to such operating-differential subsidy contract, the Secretary of Commerce shall amend such contract so as to be in accordance with all of the amendments made by this Act. No amendment made by this Act shall be incorporated in such contract unless all such amendments are incorporated in such contract, except that if the other party elects to continue under the "old fund" as provided in section 607 as amended by section 19 of this Act, such amendment need not be incorporated in such contract. Until such contract is amended or if such contract is not amended, it shall be administered in accordance with the provisions of the Merchant Marine Act, 1936, as they existed immediately prior to enactment of this Act: *Provided,* That the Secretary of Commerce may, in order to facilitate the amendment of existing controversies under such contracts in such manner as he determines.

(b) If any operating-differential subsidy contract in existence on the date of enactment of this Act is amended by including all of the amendments made by this Act, the operator may elect to terminate his recapture period as of the date of such contract amendment and have his recapture computed on the basis of the shortened period, or he may elect to continue his recapture period until the end of its ten-year term and continue his recapture obligations as provided by the Merchant Marine Act, 1936, prior to the enactment of this Act until the end of such ten-year period. The amendments in either event shall provide that, with respect to seafaring personnel, in determining the rights and obligations of the contractor under such contract, the limitation of section 805(c) of the Merchant Marine Act, 1936, as it existed immediately before the enactment of this Act shall not apply.

SEC. 35. (1) There is hereby established a commission to be known as the Commission on American Shipbuilding (hereinafter referred to as the "Commission"). The Commission shall be composed of seven members appointed by the President. Members of the Commission shall be appointed for the life of the Commission. The President shall designate one of the members of the Commission as Chairman.

(2) Members of the Commission who are not full-time employees of the United States Government shall each be entitled to receive the per diem equivalent of the rate authorized for GS–18 of the General Schedule under section 5332 of title 5 of the United States Code when engaged in the actual performance of duties vested in the Commission, including traveltime, and while away from their homes or regular places of business may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently.

(3) The Commission shall meet at the call of the Chairman or at the call of a majority of the members thereof.

(4) The Commission may appoint an Executive Director without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service and shall fix his compensation without regard to the provisions of chapter 51 and subtitle III of chapter 53 of such title relating to classification and General Schedule pay rates.

(5) The Commission shall have the power to appoint and fix the compensation of such personnel, as it deems advisable, subject (except as provided in paragraph (4) hereof) to the civil service laws and classification laws.

(6) The Commission may procure, in accordance with the provisions of section 3109 of title 5 of the United States Code, the temporary or intermittent services of experts or

consultants; individuals so employed shall receive compensation at the rate to be fixed by the Commission, but not in excess of the per diem equivalent of the rate authorized for GS–18 of the General Schedule under section 5332 of title 5 of the United States Code, including traveltime, and while away from their homes or regular places of business may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently.

(7) The Commission shall review the status of the American shipbuilding industry, its problems and its progress toward increasing its productivity and reducing production costs. The Commission shall determine whether the American shipbuilding industry can achieve a level of productivity by the fiscal year 1976 such that the construction-differential subsidy payable under title V of the Merchant Marine Act, 1936, will not exceed 35 per centum of the United States construction cost. The Commission shall recommend a course of action which should be taken on the part of Government and industry to improve the competitive situation of the United States shipbuilding industry in world shipbuilding markets and if the Commission shall determine that the construction-differential subsidy cannot be reduced to 35 per centum of the United States cost it shall recommend alternatives to the ship construction program then in effect.

(8) The Commission shall not later than three years after the date of enactment of this Act or such earlier dates as shall be required by section 502(b) of the Merchant Marine Act, 1936, submit a comprehensive report of its findings and recommendations to the President and to the Congress, and sixty days thereafter shall cease to exist.

(9) There are hereby authorized to be appropriated such amounts as may be necessary to permit the Commission to carry out its responsibilities under this Act.

SEC. 36. (a) There shall be in the Department of Commerce, in addition to the Assistant Secretaries now provided by law, one additional Assistant Secretary of Commerce who shall be known as the Assistant Secretary of Commerce for Martime Affairs, shall be appointed by the President by and with the advice and consent of the Senate, shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce, and shall perform such duties as the Secretary of Commerce shall prescribe.

(b) Section 5315 of title 5, United States Code, is amended by striking "(5)" at the end of item (12) and substituting "(6)".

Mr. GARMATZ (during the reading). Mr. Chairman, I ask unanimous consent to dispense with further reading of pages 76 to 87 of the bill, sections 20 through 36, and that they be printed in the RECORD and open to amendment at any point.

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

There was no objection.

The CHAIRMAN. Are there any amendments to be offered to sections 20 through 36? If not, the question is on the committee amendment in the nature of a substitute.

The substitute committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having assumed the chair, Mr. WAGGONNER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 15424) to amend the Merchant Marine Act, 1936, pursuant to House Resolution 1029, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

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

The SPEAKER pro tempore. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 308, nays 1, not voting 120, as follows:

[Roll No. 137]

YEAS—308

Abbitt	Celler	Friedel
Abernethy	Chamberlain	Fulton, Pa.
Adair	Chappell	Fulton, Tenn.
Adams	Clark	Galifianakis
Addabbo	Clausen, Don H.	Garmatz
Albert	Cleveland	Gaydos
Alexander	Collier	Gettys
Anderson, Calif.	Collins	Giaimo
Anderson, Ill.	Conable	Gilbert
Andrews, Ala.	Conyers	Gonzalez
Andrews, N. Dak.	Corbett	Goodling
Annunzio	Coughlin	Gray
Arends	Cramer	Green, Oreg.
Ashbrook	Crane	Green, Pa.
Ashley	Culver	Griffin
Aspinall	Cunningham	Griffiths
Baring	Daniel, Va.	Gross
Barrett	Daniels, N.J.	Grover
Beall, Md.	Davis, Ga.	Gubser
Bennett	Davis, Wis.	Hagan
Berry	de la Garza	Haley
Betts	Denney	Hall
Bevill	Dent	Halpern
Biaggi	Derwinski	Hammer-schmidt
Biester	Dickinson	Hansen, Idaho
Blanton	Dingell	Hansen, Wash.
Blatnik	Donohue	Harrington
Boggs	Downing	Harsha
Boland	Duncan	Harvey
Bow	Dwyer	Hathaway
Brademas	Eckhardt	Hébert
Brasco	Edmondson	Hechler, W. Va.
Bray	Edwards, Ala.	Helstoski
Brinkley	Eilberg	Henderson
Brooks	Erlenborn	Hicks
Brotzman	Esch	Hogan
Brown, Ohio	Eshleman	Holifield
Broyhill, Va.	Fallon	Horton
Buchanan	Farbstein	Hosmer
Burke, Fla.	Fascell	Howard
Burke, Mass.	Feighan	Hull
Burton, Calif.	Findley	Hungate
Burton, Utah	Fisher	Hutchinson
Button	Flowers	Ichord
Byrnes, Wis.	Flynt	Jarman
Cabell	Foley	Johnson, Pa.
Caffery	Ford, Gerald R.	Jonas
Carey	Foreman	Jones, Ala.
Carter	Fountain	Jones, N.C.
Casey	Fraser	Jones, Tenn.
Cederberg	Frelinghuysen	Karth
	Frey	Kazen
Kee	Obey	Skubitz
Keith	O'Hara	Slack
Kuykendall	O'Konski	Smith, Calif.
Kyros	Olsen	Smith, Iowa
Langen	O'Neal, Ga.	Springer
Lennon	O'Neill, Mass.	Stafford
Long, La.	Passman	Staggers
Long, Md.	Patten	Stanton
Lujan	Pelly	Steed
Lukens	Perkins	Steiger, Ariz.
McCloskey	Philbin	Steiger, Wis.
McClure	Pickle	Stephens
McDade	Pike	Stubblefield
McDonald, Mich.	Pirnie	Taft
McEwen	Poage	Taylor
McFall	Podell	Teague, Calif.
McKneally	Poff	Teague, Tex.
McMillan	Powell	Thompson, N.J.
Macdonald, Mass.	Preyer, N.C.	Thomson, Wis.
Madden	Price, Ill.	Tiernan
Mahon	Price, Tex.	Udall
Mailliard	Pryor, Ark.	Van Deerlin
Mann	Pucinski	Vander Jagt
Marsh	Purcell	Vanik
Mathias	Quillen	Vigorito
May	Randall	Waggonner
Mayne	Rarick	Waldie
Meeds	Reid, Ill.	Wampler
Michel	Reid, N.Y.	Watson
Mikva	Reuss	Watts
Miller, Ohio	Rivers	Whalen
Mills	Rodino	Whalley
Minish	Roe	White
Mink	Rogers, Fla.	Whitehurst
Minshall	Rooney, N.Y.	Whitten
Mizell	Rooney, Pa.	Widnall
Mollohan	Rostenkowski	Wiggins
Monagan	Roth	Williams
Montgomery	Roybal	Wilson, Bob
Morgan	Ruppe	Wilson, Charles H.
Morse	Ruth	Wold
Morton	Ryan	Wolff
Mosher	St Germain	Wright
Moss	Sandman	Wyatt
Murphy, Ill.	Satterfield	Wydler
Murphy, N.Y.	Saylor	Wylie
Myers	Schadeberg	Wyman
Natcher	Scherle	Yates
Nedzi	Schwengel	Yatron
Nix	Scott	Zablocki
	Shipley	Zwach
	Shriver	

NAYS—1

Kastenmeier

NOT VOTING—120

Anderson, Tenn.	Fish	Moorhead
Ayres	Flood	Nelsen
Belcher	Ford, William D.	Nichols
Bell, Calif.	Fuqua	Ottinger
Bingham	Gallagher	Patman
Blackburn	Gibbons	Pepper
Bolling	Goldwater	Pettis
Brock	Gude	Pollock
Broomfield	Hamilton	Quie
Brown, Calif.	Hanley	Railsback
Brown, Mich.	Hanna	Rees
Broyhill, N.C.	Hastings	Reifel
Burleson, Tex.	Hawkins	Rhodes
Burlison, Mo.	Hays	Riegle
Bush	Heckler, Mass.	Roberts
Byrne, Pa.	Hunt	Robison
Camp	Jacobs	Rogers, Colo.
Chisholm	Johnson, Calif.	Rosenthal
Clancy	King	Roudebush
Clawson, Del	Kirwan	Scheuer
Clay	Kleppe	Schneebeli
Cohelan	Kluczynski	Sebelius
Colmer	Koch	Sikes
Conte	Kyl	Sisk
Corman	Landgrebe	Smith, N.Y.
Cowger	Landrum	Snyder
Daddario	Latta	Stokes
Dawson	Leggett	Stratton
Delaney	Lloyd	Stuckey
Dellenback	Lowenstein	Sullivan
Dennis	McCarthy	Symington
Devine	McClory	Talcott
Diggs	McCulloch	Thompson, Ga.
Dorn	MacGregor	Tunney
Dowdy	Martin	Ullman
Dulski	Matsunaga	Watkins
Edwards, Calif.	Melcher	Weicker
Edwards, La.	Meskill	Winn
Evans, Colo.	Miller, Calif.	Young
Evins, Tenn.	Mize	Zion

So the bill was passed.

The Clerk announced the following pairs:

Mr. Hays with Mr. Ayres.

Mr. Sikes with Mr. Rhodes.

Mr. Roberts with Mr. Devine.
Mr. Flood with Mr. Watkins.
Mr. Matsunaga with Mr. Pollock.
Mr. Kluczynski with Mr. Brown of Michigan.
Mr. Johnson of California with Mr. Goldwater.
Mr. Burlison of Missouri with Mr. Bush.
Mr. Byrne of Pennsylvania with Mr. Hunt.
Mr. Miller of California with Mr. Reifel.
Mr. Nichols with Mr. Belcher.
Mr. Dorn with Mr. Del Clawson.
Mr. Rogers of Colorado with Mr. Kyl.
Mr. Hawkins with Mr. McCarthy.
Mr. Leggett with Mr. Bell of California.
Mr. Colmer with Mr. MacGregor.
Mr. Evins of Tennessee with Mr. Riegle.
Mr. Anderson of Tennessee with Mr. Landgrebe.
Mr. Stratton with Mr. King.
Mr. Stokes with Mr. Kirwan.
Mr. Edwards of California with Mr. Clay.
Mr. Cohelan with Mr. Ottinger.
Mr. Jacobs with Mr. Brown of California.
Mr. Symington with Mr. Fuqua.
Mr. Tunney with Mr. Kleppe.
Mr. Bingham with Mr. Robison.
Mr. Burleson of Texas with Mr. Sebelius.
Mr. Landrum with Mr. Winn.
Mr. Daddario with Mr. Blackburn.
Mr. Delaney with Mr. Latta.
Mr. Dulski with Mr. Broomfield.
Mr. Edwards of Louisiana with Mr. Broyhill of North Carolina.
Mr. Pepper with Mr. Brock.
Mr. Gallagher with Mr. Schneebeli.
Mr. Sisk with Mr. Talcott.
Mr. Hanna with Mr. Gude.
Mr. Moorhead with Mr. Conte.
Mr. Young with Mr. Camp.
Mr. Evans of Colorado with Mr. Cowger.
Mr. Rosenthal with Mr. Hawkins.
Mr. Ullman with Mr. Dellenback.
Mrs. Sullivan with Mr. Dennis.
Mr. Corman with Mr. Meskill.
Mr. Dowdy with Mr. Bush.
Mr. Gibbons with Mr. Lloyd.
Mr. Hamilton with Mr. Clancy.
Mr. Stuckey with Mr. McClory.
Mr. Patman with Mr. Fish.
Mr. Rees with Mr. McCullock.
Mr. Zion with Mr. Hastings.
Mr. Weicker with Mrs. Heckler of Massachusetts.
Mr. Melcher with Mr. Martin.
Mr. Smith of New York with Mr. Mize.
Mr. Pettis with Mr. Nelsen.
Mr. Koch with Mr. Quie.
Mr. Snyder with Mr. Roudebush.
Mr. Lowenstein with Mr. Dawson.
Mr. William D. Ford with Mr. Diggs.
Mr. Scheuer with Mrs. Chisholm.

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. GARMATZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed (H.R. 15424).

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 17138, DISTRICT OF COLUMBIA POLICE AND FIREMEN'S SALARY ACT

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 17138) to amend the District of Columbia Police and Firemen's Salary Act of 1958 and the District of Columbia Teachers' Salary Act of 1955 to increase salaries, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina? The Chair hears none, and appoints the following conferees: Messrs. McMILLAN, ABERNETHY, DOWDY, FUQUA, CABELL, NELSEN, BROYHILL of Virginia, HARSHA, and HOGAN.

PERSONAL ANNOUNCEMENT

Mr. PEPPER. Mr. Speaker, I was delayed in my office and reached the floor just as the rollcall vote was being announced on the pending measure. Had I been present I would have voted "yea."

LEGISLATIVE PROGRAM

(Mr. WHITEHURST asked and was given permission to address the House for 1 minute.)

Mr. WHITEHURST. Mr. Speaker, I take this time for the purpose of requesting the distinguished majority leader to inform us of the program for next week.

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

Mr. WHITEHURST. I yield to the majority leader.

Mr. ALBERT. The program for next week is as follows:

Monday is District Day. There are two District bills for consideration. They are H.R. 17711, to amend the District of Columbia Cooperative Association Act; and H.R. 17601, to exempt FHA and VA mortgages and loans from the District of Columbia interest and usuary laws.

Also to be considered are H.R. 15073, bank records and foreign transactions, under an open rule with 2 hours of debate; and House Joint Resolution 1117, to create a Joint Committee on Environment and Technology, under an open rule with 1 hour of debate.

Tuesday there is scheduled for consideration House Resolution 796, amending the rules of the House of Representatives relating to financial disclosure, under an open rule with 1 hour of debate.

Wednesday there is scheduled for consideration H.R. 17755, the Department of Transportation appropriations bill for fiscal year 1971.

This announcement is made subject to the usual reservation that conference reports may be brought up at any time and that any further program will be announced later.

We also advise the membership again that the Memorial Day recess will begin at the close of business Wednesday, May 27, 1970, and will last until noon on Monday, June 1, 1970.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule may be dispensed with on Wednesday next.

The SPEAKER pro tempore (Mr. VANIK). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

ADJOURNMENT OVER TO MONDAY, MAY 25, 1970

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PERMISSION FOR COMMITTEE ON THE DISTRICT OF COLUMBIA TO FILE CERTAIN REPORTS UNTIL MIDNIGHT FRIDAY, MAY 22, 1970

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Committee on the District of Columbia may have until midnight Friday, May 22, 1970, to file certain reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

TRIBUTE TO THE HONORABLE JOHN J. ROONEY OF NEW YORK

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

Mr. BIAGGI. Mr. Speaker, all of us have been made aware of the bitter opposition which some of our colleagues are encountering in the current primary elections. Few of us ever get so callous that we can shrug off the acrimony or totally ignore the unwarranted criticism or false charges which are hurled against those of this body whom we have long admired and respected.

One of our most distinguished senior Members is presently being subjected to a particularly bitter attack. While it is my policy not to engage in primary contests, after reviewing the particular situation facing my distinguished colleague, the Honorable JOHN J. ROONEY, of New York, I cannot remain silent and passively watch the unfolding of a severe injustice.

Our good friend JOHN J. ROONEY, who has so ably represented the people of the 14th Congressional District for practically 14 consecutive terms, is now facing strong opposition, but not from the voters who have elected and reelected him for 26 years. His opposition comes from a small but highly vocal and well-financed group whose members have deliberately ignored the facts in JOHN ROONEY'S unblemished record covering his long years of service in this body. They have ignored the leadership he has shown in securing the enactment of much of our present social welfare and humanitarian legislation. They ignore the prestige which JOHN ROONEY commands as a lawmaker—a man honored as one of America's statesmen both here and abroad.

This group chooses to ignore the record which JOHN ROONEY has made in be-

half of all the people in the United States, but most particularly in behalf of the people of his district.

Mr. Speaker, it would be presumptuous for me to attempt to defend our good friend from Brooklyn, for he is, himself, his own best defender. His public record is his most convincing defense. Hopefully, the voters in his district will review that record instead of heeding the distorted statements being used in an effort to defeat him.

We who have worked side by side with JOHN ROONEY know full well of his undivided loyalty to his friends and neighbors. We know even better than they the extent to which their Congressman devotes his full time to the job of representing them. We are well aware of his almost perfect attendance record for a period of time which exceeds the age of some of our newer Members.

But, Mr. Speaker, we are even more aware of JOHN ROONEY'S stand on the great issues with which the Congress has had to cope. This man came to these halls as a freshman Congressman in the cyclonic atmosphere of the final months of World War II. He cut his legislative "eye teeth" on the problems which faced the world as an aftermath of war. He developed leadership in alleviating the miseries of the millions of refugees and displaced persons who were stranded and homeless. He was in the vanguard of our Members who sought to help give relief to and bring about the rehabilitation of both our war-torn allies and our equally crippled erstwhile adversaries.

I am particularly grateful that through JOHN ROONEY'S efforts, Italy was included among the first nations receiving the life-giving help of this country—not only material help to feed the hungry, to heal the sick and suffering, to clothe the shivering and to house the homeless—but the economic aid and political support to permit the development of a strong and independent nation. This reborn nation in which so many of the kinsman of Americans still reside and the able leadership of this restored state have seen fit to honor JOHN ROONEY on several occasions for the successful efforts he made year after year in their behalf.

The people of Italy and those of us of Italian birth or lineage are grateful, too, for JOHN ROONEY'S tireless efforts to bring about new immigration legislation which provided among other improvements the opportunity for immigrant families to be reunited.

But, Mr. Speaker, let us not forget that JOHN ROONEY'S passion for helping the homeless, the sick, the poor, and the suffering related not only to the victims of war abroad, but to our own people here at home as well. Let us not forget that his ardor in condemning Red Russia for her ruthless steal of the Baltic States and her enslavement of half the free world was not spent entirely on these pathetic people overseas.

JOHN ROONEY'S record will show that he made equal efforts to help the people of America and the people of his district. He was one of the first and most forceful proponents of civil rights measures to eliminate our own types of economic enslavement and political bondage.

In all likelihood, JOHN ROONEY'S own childhood experience in growing up in his district with neighbors of all nationalities, creeds, and colors gave him not only the deep understanding but the insatiable urge to see that all mankind should have the full blessings of true liberty and independence.

Every workingman in Brooklyn and his family can join with workers throughout the Nation in gratitude for the strong support their Congressman has given over the years for the enactment of laws to protect workers' rights and improve working conditions. No man in Congress can boast a more enthusiastic endorsement than that given to JOHN ROONEY year after year by the AFL–CIO.

The people of Brooklyn can be proud of Representative ROONEY'S record for he has been a leader in expanding social security benefits, in obtaining medicare, in fighting crime, in seeking environmental improvements, in obtaining more jobs and job training, in securing better housing, and above all, in seeking world peace—a peace with honor and with justice for all.

Yes, Mr. Speaker, the voters of Brooklyn are indebted to JOHN J. ROONEY for his 26 years of dedicated and distinguished service, for the millions of dollars of material benefits to their district, and for his continuing personal concern for them.

We in the Congress are grateful for JOHN ROONEY'S warm friendship, for his brilliant leadership, and for his constant cooperation.

We are confident that his unsullied record, commonsense, and the truth concerning him will prevail in the upcoming primary election in New York.

VIETNAM

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

Mr. DICKINSON. Mr. Speaker, it was my duty as a member of the Committee on Armed Services to go to Vietnam recently. I returned only yesterday.

Our trip took us first to CINCPAC Headquarters in Hawaii, where we were briefed in detail by Adm. John McCain and his staff at CINCPAC Headquarters.

We then went to Saigon, where we talked to Deputy Ambassador Samuel Burger, Ambassador Bunker being in the United States.

We were given a very detailed and intimate briefing by General Abrams and his staff in Vietnam. We discussed in considerable detail the sweep along the Cambodian border to protect our forces and other friendly forces in South Vietnam.

I am most pleased to report that the operations are going better than expected. In addition to the thousands of tons of enemy supplies and arms captured, one of the biggest dividends to come to us is the tremendous boost in morale of the Armed Forces now serving in South Vietnam, both our own and the South Vietnamese.

The latest military figures updating the Cambodian operations verify the reasons for this tremendous boost in troop morale. Cumulative data as of today, May 21, 1970, reveals the following:

Enemy killed	7,177
Detainees	1,759
Individual weapons captured	10,019
Crew-served weapons captured	1,640
Rice (tons)	3,701
Rice (man months)	162,844
Rocket rounds captured	18,113
Mortar rounds captured	20,526
Small arms ammunition captured	11,647,224
Land mines captured	1,894
Bunkers destroyed	5,287
Vehicles destroyed or captured	220

The above figures are tentative cumulative results as reported by Headquarters, MACV.

Not only is there a tremendous upsurge in the morale of the South Vietnamese themselves, but there is a tremendous upsurge in their own self-confidence.

Mr. Speaker, no matter how many arms we send and no matter how much training we give to the South Vietnamese, the so-called Vietnamization program is doomed for failure if we cannot properly motivate these people, if they do not have the courage of their own convictions, and if they do not believe they are capable of defending themselves.

I am very pleased to report, Mr. Speaker, that, as a result of an on-site inspection and discussion with those who are most intimately acquainted with and involved in the Vietnamization program, I believe that it is ahead of schedule, and is already paying large dividends. As a matter of fact, I think the South Vietnamese are doing better than even they thought they could do. I am convinced that when the time comes for the American troops to be fully withdrawn, they will certainly be in a better position to fill the breach because of the sweep now going on along the Cambodian border.

LIQUIDATION OF SOUTH VIETNAMESE PREDICTED

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

Mr. BUCHANAN. Mr. Speaker, there are those in this country who have scoffed at the statement of the President and others that if the Communists took over South Vietnam there would result the murder of many thousands of South Vietnamese civilians. Robert G. Kaiser, however, reports from Saigon to the Washington Post in an article printed on Friday, May 15, that a leading U.S. Government expert now contends that the Vietcong would liquidate some 3 million people if it won decisively in Vietnam. Douglas Pike wrote a paper describing what happened in Hue when 5,800 people were murdered there and described the process as occurring in three phases. First, key individuals were murdered in order to facilitate the Communist takeover. Second, when they thought they could stay, whole groups and classes of people who would hinder the creation of a new revolutionary social order were killed. Finally, when it became clear that they had to leave, many others were murdered in an attempt to destroy all of the witnesses to what had happened. Mr.

Pike contends that if the Communists should take over the country, they, in like fashion, will destroy whole classes and groups of people amounting to about 3 million South Vietnamese. To students of history this is no surprise, since this is a usual and normal Communist tactic. Heaven only knows how many millions of people have been destroyed in genocidal proportions murdered by Communist governments in our time. This underlines the fact that we must see this battle through. If we were precipitously to withdraw, it would not only mean a threat to the lives of 1,500 American prisoners of war and to soldiers who are in the process of being withdrawn, but literally several millions of South Vietnamese will be murdered as a consequence.

Mr. Pike's article follows:

VC WOULD LIQUIDATE 3 MILLION IF IT WON, U.S. EXPERT CONTENDS

(By Robert G. Kaiser)

SAIGON, May 14.—One of the U.S. government's leading experts on the Vietcong has written a paper predicting that "if the Communists win decisively in South Vietnam, all political opposition, actual or potential would be systematically eliminated."

The author of the paper is Douglas Pike, who has written two books on the Vietnamese Communists and is now a United States Information Service officer in Tokyo. He wrote "The Vietcong Strategy of Terror," a 125-page monograph earlier this year. The U.S. mission here plans to release it soon.

Pike's work seems to be a rejoinder to those who have mocked suggestions that the Communists would wipe out thousands of their opponents if they took over South Vietnam. Pike says that if the Communists win the war here decisively (and the key word is decisively, he writes), the result will be "a night of the long knives" to wipe out all conceivable dissidents—perhaps 3 million persons.

Pike contends the massacre would go on in secret, after all foreigners had been expelled from Vietnam. "The world would call it peace," Pike writes.

He cites a list of 15 categories of citizens who would be murdered, saying such a list of categories is often found in captured documents. Pike notes a statement by Col. Tran Van Dac, one of the highest-ranking Communists ever to defect to the Saigon regime, that "there are 3 million South Vietnamese on the blood debt list."

Pike's predictions are the most dramatic aspect of his paper. Most of it is devoted to an analysis of the Vietcong's present and past uses of terror. A major section analyzes the 1968 Massacres at Hue.

"It would not be worth while nor is it the purpose of this monograph to produce a word picture of Vietnamese Communists as Fiendish fanatics with blood dripping from their hands," Pike writes. Rather, he says, he wants to describe how the Vietcong use and justify terror as a crucial part of their war strategy.

"If there still be any at this late date who regard them as friendly agrarian reformers," Pike writes, "nothing here (in his paper) could possibly change that view."

Current Vietcong doctrine, Pike contends, calls for terror for three purposes: to diminish the allies' forces, to maintain or boost Communist morale, and to scare and disorient the populace. He says the enemy seems to be moving more and more toward a terrorist strategy as part of a new kind of protracted war. (Official government terrorist statistics show a sharp increase in kidnapings, assassinations and other terrorism in recent months.)

In central Vietnam, Pike writes, Vietcong units are given terrorist quotas to fulfill. As an example, he cites intelligence information that special Vietcong squads in parts of two provinces were told to "annihilate" 277 persons during the first half of 1969.

In the most detailed analysis of the killings at Hue yet published, Pike writes that "despite contrary appearances, virtually no Communist killing was due to rage, frustration or panic during the Communist withdrawal" from Hue, which the Vietcong held for 24 days in February 1968.

"Such explanations are often heard," Pike continues, "but they fail to hold up under scurtiny. Quite the contrary, to trace back any single killing is to discover that almost without exception it was the result of a decision rational and justifiable in the Communist mind."

According to Pike's analysis of the Hue massacres, the Communists changed their minds twice after seizing the city on Jan. 31. At first, Pike writes—he claims, captured documents show this—the Vietcong expected to hold Hue for just seven days.

During that first phase, Pike says, the Vietcong purposefully executed "key individuals whose elimination would greatly weaken the government's administrative apparatus. . . ."

After they held on more than seven days, Pike's theory continues, the Communists decided they would be able to stay in Hue indefinitely. Prisoners, ralliers and intercepted messages at the time confirm this, according to Pike.

In this euphoric mood, he writes, the Communists set out to reconstruct Hue society, eliminating not just specific individuals, but whole categories of citizens whose existence would hinder creation of a new revolutionary society. Perhaps 2,000 of the estimated 5,800 persons killed at Hue were slain during this second phase, Pike suggested.

Eventually, Pike continues, the battle turned against the Communists in Hue and they realized they would have to abandon the city. This realization led to phase three, Pike writes: "elimination of witnesses." The entire underground Vietcong structure in Hue had probably revealed itself by this time, and now had to protect itself by eliminating many who could later turn them in to government authorities, Pike theorizes.

TRIBUTE TO WO STEPHEN C. CHASIN

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

Mr. BLACKBURN. Mr. Speaker, I can think of no more meaningful, nor more sorrowful task this day than to pause to pay tribute to a young man from my congressional district who lost his life in Vietnam last week.

WO Stephen C. Chasin is the son of Mr. and Mrs. Murray M. Chasin of Decatur, Ga. He attended Avondale High School, where he was a star athlete—active in wrestling, track, and varsity football. He graduated from Avondale in 1967, and enlisted in the Army in the fall of 1968.

He had a number of physical defects which could have kept him from going to Vietnam, but he felt it was his duty to go and he had served as a helicopter pilot in Vietnam since January of this year.

Steve told his family that as a child, he thought war would be exciting since playing soldier was so much fun then. Recently, he described the horrors of war as he saw it firsthand in a tape which he sent to his family. He spoke of the close buddies he had seen wounded and killed. He expressed his disappointment in the student protests going on at home, and said that if the demonstrators could be in Vietnam for 1 week, he could tell them, and show them what it was all about.

Because of a number of close calls, Steve felt that he could survive any future battles, and almost his last words on the tape promised his family and his girl that he would be all right and make it home.

Fate had decreed otherwise, and Stephen Chasin died last week in a helicopter crash.

I cannot help but contrast the all too short life of Steve with the action of the student protesters we have been seeing in such numbers on the campuses and in the streets, and those who have visited my office by the dozens during the past 2 weeks. For those young people who have a sincere objection to war and killing as a matter of conscience, I feel compassion. But for those who would use moral objection as a cloak for cowardice, I have contempt—especially when I remember boys such as Steve who have given their lives for what they considered part of their duty as American citizens.

With all my heart, I feel that Steve Chasin is the typical American boy, not those who would tear down our Republic—its basic principles, its institutions, and our flag.

It is a small wonder that Mr. and Mrs. Murray Chasin are proud of their son, proud of the way he lived, and devotion to duty and country at the time of his death. But what can be said—what words of comfort can one give to this sorrowing family? Even in their tragic loss, may his parents know that those in positions of public trust are deeply aware of the immeasurable debt we owe to Steve, not only for his life, but for the courageous way in which he lived. May that knowledge bring some small measure of God's peace, "which passeth all understanding."

REMARKS OF THE HONORABLE EDWARD M. CURRAN, CHIEF JUDGE, U.S. DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

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

Mr. BURKE of Massachusetts. Mr. Speaker, I would like to bring to your attention, by request of Mr. Leo Anderson, chairman, VFW Loyalty Day Committee, the following remarks of the Honorable Edward M. Curran, chief judge, U.S. District Court for the District of Columbia.

I submit the program, and the remarks follow:

LOYALTY DAY, MAY 1, 1970

(Sponsored by the District of Columbia Department, Veterans of Foreign Wars of the U.S.A. and its Ladies Auxiliary)

PROGRAM

Twelve noon

Toastmaster: A. Leo Anderson, Chairman, V.F.W. Loyalty Day Committee.

Salute to colors: David G. Hungate, Captain, V.F.W. National Honor Guard.

Invocation: Eli Cooper, Past Commander, D.C. Department V.F.W.

Introduction of guests: A. Leo Anderson, Chairman, V.F.W. Loyalty Day Committee.

Lunch

Loyalty Day proclamation: Gervasio G. Sese, Commander, D.C. Department V.F.W.

Principal address: Hon. Edward M. Curran, Chief Judge, United States District Court for the District of Columbia.

Award presentation: Paul E. Wampler, Jr., Member, National Council of Administration.

Flag presentation: Mrs. Virginia Dickerson, President, D.C. Department, V.F.W. Ladies Auxiliary.

Benediction: Eli Cooper, Past Commander, D.C. Department V.F.W.

Salute to colors: David G. Hungate, Captain, V.F.W. National Honor Guard.

BIOGRAPHY OF THE HONORABLE EDWARD M. CURRAN

Chief Judge Edward M. Curran, was born in Bangor, Maine, May 10, 1903; son of Michael J. and Mary A. Curran; married Katherine C. Hand (Deceased) June 6, 1934; married Margaret V. Carr, December 30, 1963. Judge Curran's four children are Eillen Curran Monahan, Mary Catherine Curran, Ann Curran Schmidtlein and Edward M. Curran, Jr.

Judge Curran is the recipient of the following degrees: Bachelor of Arts from the University of Maine, Juris Doctor from The Catholic University of America, and Honorary Doctor of Laws from The Catholic University of America.

He was admitted to the Bar of the United States District Court for the District of Columbia in 1929 and subsequently to the Bars of the United States Court of Appeals for the District of Columbia Circuit and the Supreme Court of the United States. He engaged in the private practice of law with the firm of King and Nordlinger until 1934, when he was appointed Assistant Corporation Counsel for the District of Columbia. From 1936 to 1940, he served as a judge of the Police Court of the District of Columbia (now the Criminal Division of the District of Columbia Court of General Sessions).

In 1937 he was the recipient of the Distinguished Service Award by the Junior Chamber of Commerce of Washington, D.C.

From 1940 to 1946 he served as United States Attorney for the District of Columbia. In 1941 a Resolution stating, "that the Board of Directors of The Bar Association of the District of Columbia acknowledges with gratitude and deep admiration the fine devotion, the distinguished and outstanding services to the Bench, the Bar and the public, by the Honorable Edward M. Curran, as expressed by his wise and efficient administration of the Criminal Law", was presented to him by the Board of Directors of The Bar Association of the District of Columbia.

From 1946 until the present he has served as a judge of the United States District Court for the District of Columbia, and in November, 1966, he became Chief Judge.

On November 18, 1961, he received the 1961 Alumni Achievement Award in the field of law, awarded by the Board of Governors of the Alumni Association of The Catholic University of America. In April, 1967, he received the Judicial Award of the Association of Federal Investigators for his outstanding contribution to the administration of justice. Also in 1967, he was the recipient of the "Big M" Award of the Maine State Society of Washington, D.C. for his devotion to community service and his accomplishments in regard thereto.

Judge Curran has served as Instructor of Law at The Catholic University of America School of Law, Professor of Law at the Georgetown University Law Center, Instructor of Law at Columbus University Law School, and Instructor of Debating at Trinity College. He was formerly First Vice President of the Federal Bar Association. He is a member of various organizations, including the American Bar Association and The Bar Association of the District of Columbia, Phi Kappa Fraternity, Gamma Eta Gamma Legal Fraternity, John Carroll Society, Merrick Boys Camp, Metropolitan Police Boys Club, and The Friendly Sons of St. Patrick. He is Vice President of the Benedictine School for Exceptional Children, Ridgely, Md.; a member of the Advisory Board of The Catholic University School of Law; and an honorary member of the Notre Dame Club of Washington and the Providence College Club of Washington.

It is with a deep feeling of pride that the District of Columbia Department of the Veterans of Foreign Wars of the United States takes in presenting the 1970 Loyalty Day Award Plaque to Chief Judge Edward M. Curran, "In recognition of his continuous outstanding judicial leadership exemplifying the principles of justice and human rights."

REMARKS OF JUDGE CURRAN

I am very happy to be here today and to address the Veterans of Foreign Wars on Loyalty Day—a day that is set aside on May first of each year as a special day for the recognition of the heritage of American freedom.

Our real hope in America today is for national unity. National unity is paramount not only in the United States but in every democracy. Our forefathers decreed that this shall be "one nation, indivisible, with liberty and justice for all". They further proclaimed, "We hold these truths to be self-evident; that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty and the pursuit of happiness".

There were few debunkers in those days. The school of sociological jurisprudence, with its nebulous bases and shifting norms of human wants had not as yet made its appearance to confound and confuse them. Freud had not yet appeared to tell them about their ego and their super ego. Marx, with his gospel of the economically determined man, had yet to make his appearance and Lenin was not yet on the earthly scene to proclaim, "We deny all morality taken from supernatural conceptions".

Unlike us, they not only knew what they were doing, but where they were going. They were a naive group of men, these fashioners of our American commonwealth. Free will to them was not the instinct of the herd or a mass illusion, and simple as they were, they were convinced that there was a moral order to which all man-made law must conform.

They were one with the cultural and intellectual tradition of the West, and upon that foundation they reared the structure of our American democracy.

It is our task, therefore, inherited from these founding fathers, to create on this continent, a nation of free people, strong enough to withstand tyranny and oppression; wise enough to educate our children in the ways of truth, and broad enough to accept as a self-evident truth the right of every human being to worship God according to the dictates of his own conscience.

This country is unique in that it has from the time of its discovery been the haven of the unfortunate, the oppressed, and the persecuted. For years people of every nationality, of every religion, of every race, have willingly and freely come to our shores in search of shelter and solace from the economic, political, and religious intolerances of other governments, America, the melting pot, has welcomed them with outstretched arms. We became a great nation because of our open-hearted welcome to the outraged and oppressed. We shall remain a great nation only by protecting ourselves against those people who would destroy such tolerance. In comparison with all the other nations of the world, the United States stands preeminent. In the genius of our people, in the productivity of our soil and in the vast store of our natural resources, we possess the elements which are bound to provide a high standard of living for all the citizens of this nation. The accomplishments of the past provide us with adequate reasons for confidence in the future.

America is truly one nation with many nationalities. It is a nation dedicated to inspired principles for which people have been willing to sacrifice and suffer; a democracy of cultures as well as a free and tolerant association of individuals; a country in which there is present the values and ideas, the arts and sciences, the laws and techniques of the people of every civilized tradition.

The United States was founded by individuals of Old World nationalities who shared the common love of freedom and who were motivated by the intense desire to establish this freedom into a government for the people. It is our duty to see that this government endures and perpetuates.

The American people have always been concerned with the flagrant violations of the rights of peaceful little nations; the cruel and bitter persecution of God-fearing men, women and children because of their religion, race or political opinions. The vile and barbarous deeds which were inflicted upon democratic peoples of the Old World represent an attack against everything that we hold dear—an attack against international good faith, against religion, against political freedom and against civilization itself.

We cry for peace, and there is no peace, for mankind, like Esau of old, has sold its birthright for a mess of pottage. We have, for the most part, repudiated the divinity of our origin and our destiny—the cultural traditions that bind us to the past. We glory in our achievements in the field of science. We possess in our libraries the accumulated wisdom of the ages, and yet, instead of ushering in Tennyson's fabled thousand years of peace, we have raised the curtain on the prelude to the very pit of hell itself.

The last world conflict was not only a struggle of armaments. It was not the revolution of a free people to determine a change in their government, but rather was it the spawn of that atheistic culture and philosophy that stemmed from Marx and Engel, the matriarch of all other "isms" that have sprung from generations of irreligion, the repudiation of fundamentals, false liberalism and the pursuit of the cult of pleasure—a conflict that not only threatened our peace but our very way of life by those who openly proclaimed that there was no God but Caesar, and that the altar of the omnipotent state was the only shrine before which every head must bow and every knee must bend.

We must relegate to oblivion all the destructive force of the many "isms" that are being promoted by those who seek to destroy our democratic institutions. We must recognize and we must fight for only one "ism", and that is Americanism.

And fight we did—for everything contained in the term "Americanism." No group of men know better than you that America assembled her full might and threw it with all her fury against mankind's enemies. The invasion of the Continent represented the hopes, the fears, and the sacrifices of millions of people whose hearts were steeled for the final encounter with the enemy. From the North, the South, the East and the West, the Nazis and their shackled minions were driven to their inevitable doom. All of the arms used in the fight against the Axis, both in Europe and in the Pacific, would not have been available had it not been for the sense of duty and fidelity which is inherent in every true American. The ships, the planes, and the guns that drove the Japs from the Solomon and Gilbert Islands, that wrested the Marianas from the control of the Orient, and that had the Jap garrisons in Truk and the Philippines quaking in fear, were the result

of the average American's sense of duty to his Government and of his loyalty to democracy and his unquestionable love of freedom.

The landing craft, the invasion barges and the paratroop planes that pierced Hitler's vaunted Atlantic wall, and took Hirohito's islands, were manned by the boys of the same heritage of Bunker Hill, Ticonderoga, the Alamo, San Juan Hill and Chateau Thierry, all of whom were consumed with the burning love of liberty and were willing to give the last drop of their life's blood that the light of freedom should always burn aloft over our Republic.

I daresay that there is not a man here today who has not been affected in some way or another by the great world crisis. Whether those who were so near and dear to you fought in the foxholes of Guadalcanal, or on the desert sands of Tunisia, or on the beachheads of Italy, or on Iwo Jima, on Tarawa, at Bataan or on Wake Island—remember this—they had had a rendez-vous with death, and yet despite all, the final victory was ours. Is it any wonder then that America's duty to the future demands that the cherished principles of liberty be preserved for all time? We can do this best by striking at the forces which assail liberty—the thoughtless and the exponents of totalitarian serfdom and slavery. The American people have always been concerned with the flagrant violations of peaceful little nations; the cruel and bitter persecution of God-fearing men, women and children, because of their religion, race or political opinions. The vile and barbarous deeds which have been inflicted upon democratic peoples of the Old World represent an attack against everything we hold dear—an attack against international good faith, against religion, against political freedom and against civilization itself.

If the people of this country have no convictions with regard to the values in which they so strongly believe, no faith in the principles for which their fathers and forefathers died, democracy then is doomed. If Americans will not voluntarily obey the disciplines of morality, then immoral forces will discipline us. And if the citizens of the United States have no ideals for which they would die to preserve, then despotism and darkness will come over the western hemisphere, just as it threatens to envelop Europe and the rest of the world. The salvation of this nation, therefore, lies in the full-hearted allegiance of every American to the self-evident truths contained in the Declaration of Independence and the liberties protected by the Bill of Rights.

The great problem in America today, as it has always been in the past, is how people with important differences and conflicting viewpoints in the realms of religion and politics can live together in harmony. The solution of this problem, perhaps, is America's destiny, and in that solution may lie her future as a nation. Since America is a medley of differences, engendered by the existence within her borders of more than a score of nationalities and an infinite number of religions, those differences must find one common denominator—one level, and that is, understanding. Understand others' views and appreciate them. It is not so much TOLERANCE which is needed, as APPRECIATION—an appreciation of the rights of others which all humans possess, because freedom of thought and conscience is not a matter of favor granted by the state and withheld by the state, or granted by the majority and withdrawn by the majority, but it is a matter of right, inalienable, God-given and self-evident.

We can thank God that our forebears came to America. They had something to do and they felt they knew how to do it. They had the job of clearing and plowing the land and making themselves and their families safe from the Indians. They had the job of tying together with ships and roads and rails and words and names a large area of undeveloped land into a single social unit. They knew who they were. They were the smartest, toughest, leanest, all-around knowingest Americans on God's green earth. Their way of living, in their opinion, was the handsomest way of living that human beings had ever hit on. Their institutions were the institutions history had been waiting for. If you had told them that anyone else had a better hold on the earth than they did, or anyone else believed in himself or his country more than they did, they would have laughed in your face. Who an American was and what he was, was not much of a secret. You could see for yourself.

An American was a man who knew which way to take to reach tomorrow. An American was a man who never asked anyone anything—who he was, or where he came from, or what he did—because it was answer enough to be a man, at least in America.

There is no group in this country that is more loyal to the principles of democracy than the Veterans of Foreign Wars. Everyone recognizes that you are indeed real Americans.

As the distinguished editor and publisher of The Rock County Star Herald, Alan C. McIntosh, so aptly said, "I am an American, but I am a tired American. I'm tired of being called the Ugly American. I am weary of the beatniks who say they should have the right to determine what laws of the land they are willing to obey. I am a tired American—fed up with the mobs of long-haired youths and short-haired girls who claim they represent the 'new wave' of America and who sneer at the old-fashioned virtues of honesty, integrity, and morality on which America grew to greatness. I am tired of supporting families who haven't known any other source of income than the Government relief checks. I am tired . . . of the filth peddlers . . . who try to foist on us the belief that filth is an integral part of culture in the arts, the movies, literature, and the stage. I am a tired American, weary of the bearded bums who tramp the . . . sit-ins, who prefer communism to capitalism, and sneer at the President as a threat to peace. I am a tired American who resents those who try to disseminate the belief, in our institutions of learning, that capitalism is a dirty word and that free enterprise and private initiative are only synonyms for greed. I am a tired American who gets a lump in his throat when he hears the Star-Spangled Banner. I am a tired American who thanks a merciful Lord that he was so lucky to be born an American citizen—a nation under God, with mercy and justice for all."

PROTEST THROUGH PUBLIC SERVICE

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

Mr. RUPPE. Mr. Speaker, across America students exploded in a nationwide protest over what they feared was a widening of the war in Southeast Asia. In the chaos and confusion that followed we have seen the demagogs and extremists of both the right and the left wrenching the Nation asunder. There has been rioting, violence, and even death. The very foundations of our democratic system have been shaken; yet, in the midst of all this there is simultaneously developing a new kind of protest that should capture the bold headlines of our major metropolitan newspapers and the imagination of our network television commentators. This is the new protest of the deeply concerned and troubled students who truly seek a better world. They are determined to build that world, not with destructive weapons that breed fear and hate, but with the constructive tools that build brotherhood and understanding. These are the students who are walking the halls of Congress to urge their cause and to discuss and exchange views with their Representatives and Senators. These are the students who respond to the challenge of ecology by improving their communities and environment. These are the students who will one day remold the system from within—not tear it down from without.

Michigan Technological University students in my hometown of Houghton, Mich., channeled their protest into the building of a people's park in memory of those who have died because of Vietnam. The people's park at Houghton will be a place where all citizens of the area can come to exchange views and diverse opinions.

Reading the "Houghton Mining Gazette" this week, I was particularly struck by the remarks of MTU President Raymond L. Smith. I commend those remarks to your attention:

DR. SMITH PRAISES STUDENTS' EFFORTS

HOUGHTON.—The constructive efforts of Michigan Tech students and their "protest through public service" project has been commended by Dr. Raymond L. Smith, MTU president.

He commented that: "Today we are beseiged from all sides with almost impossible questions—questions to which there are no real answers but only those that satisfy one segment of people at a time. We find ourselves deluged, however, with those who purport to know the answers, the person who seeks nothing but personal aggrandizement, the extremist who seeks only to satiate his appetite, the people who know not the difficult ways to build but know well the easy means to destroy. We become frustrated, caught up in this holocaust—going from one emotional binge to another until we are drained dry, weary, and in a state of confusion, become prey to those who would use us for their own purpose.

"What can we do? Where can we turn? Whom should we follow? I can't answer these questions for you—only for myself. But I do know that you are taking a positive step when you join together to build a peoples park in honor of those who have died because of Vietnam—a park in which students of different views can meet together to see if it contains common ground on which they can build a better world. As they cut out the weeds and remove the rubbish, they can recognize that the park they are trying to build is really like the world. There are trees that must be preserved and others that must go just as there are ideals and ideas that must remain while others must change. And that, in the process, people will disagree.

"You as students have been constructive. With different ideas you have carried on peaceful dialogue. All of you have conducted yourselves with dignity, restraint, and within a climate of mutual respect.

"At Michigan Tech over these past few days we have witnessed a minor miracle. In this era of violent dissent, we have seen a small island of constructive dissent. Yet we know all around us lurks hatred, fear, and coldness. It's almost as if an alien world had infected this planet with a hate virus. A self-feeding disease growing at a fantastic rate. Citizens against citizens, neighbor against neighbor.

"I don't know whether or not it can be stopped before we destroy ourselves as a nation. But I do believe with a passion that proclaiming peace on one hand while causing violence and destruction with the other

is not the answer. That love of the things you believe in cannot truly live in the same mind that hates the things you do not believe in. And that somehow we must learn the true meaning of such words as love, trust, tolerance, and, yes, even moderation. If we could only try to taste them once again seasoned with a dash of humor, then perhaps there would be unity in the future.

"With students like you, perhaps we can expand this island to a broader spectrum of our country. I challenge the news media to recognize that protest in the form of a blow with a pick to build a peoples park is just as significant as a blow of a pick handle to the policeman or the dissenter's head, that cleaning the rubble out should be more welcome news to their readers than creating rubble through burning buildings.

"I believe the people of America, young and old alike, want to hear that there are students who love their country, who want to build on what they have, who want change but who believe that it can be brought about most effectively by peaceful means. It seems to me that news of this type would not be greeted by a bored "so what" but instead a relieved "thank God," Dr. Smith concluded.

RURAL ELECTRIFICATION

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

Mr. KASTENMEIER. Mr. Speaker, as far back as 1923, when experiments on the farm uses of electricity were conducted in my neighboring State of Minnesota, farmers have recognized that electric power could help them make agriculture more efficient and improve the quality of farm products.

This is certainly true of Wisconsin's dairy farmers and the dairy products for which our State is famous. Rural electrification, which came to Wisconsin largely through the efforts of our 32 rural electric cooperatives, financed by loans from REA, has revolutionized and modernized the production of milk for the benefit of both dairymen and consumers. Pipeline milkers and bulk milk coolers are only two examples of how rural electrification has reduced farm labor costs and resulted in a higher quality product.

Last year, the average farm used 878 kilowatt-hours of electricty per month, according to a survey of the Crop Reporting Board, U.S. Department of Agriculture. That is nearly twice the average farm usage a decade earlier. Nearly all of America's farms depend on electric power these days—REA reports better than 98 percent now have central electric service.

Today, the job of our rural electric cooperatives is different from the early days of the program, when the emphasis was necessarily on building lines to serve whole sections of unserved farmers and rural residents.

Today, the rural electrics face the equally important—though probably less spectacular—challenge of keeping the power coming in the increasing amounts required by their farmers and other rural consumer members. This challenge involves making sure that an adequate supply of wholesale power is and will continue to be available, plus revamping lines and equipment installed during earlier years so that the heavier powerloads can be delivered efficiently and at the lowest possible cost.

More and more farmers are requiring three-phase electric service as they utilize kilowatts to improve production and try to hold down the cost of farm goods for consumers. Efficiency in production can spell the difference between success and failure for today's farmer, who operates on a narrow margin of profitability. Each year, he must add thousands of dollars worth of new machinery and equipment in order to save his business.

The rural electric cooperatives which furnish the farmer's power must also have larger amounts of new capital to meet their increasing service demands. The alternative is a deterioration of electric service in rural areas, which would add another handicap to our already handicapped agriculture and economically depressed rural areas.

In the rural areas of this country, the growth in the use of electricity by members of rural electric cooperatives has continued at a much faster rate than experienced by the electric utility industry as a whole. The rural electric systems' annual long term capital needs have been growing at a rate of from 8 to 10 percent per year. Unfortunately, the annual amount of funds made available under the REA loan program has been fixed at about the same level for the 4 fiscal years.

The administration has requested that a $345 million electric loan program be authorized for fiscal 1971. This request was made despite the fact that the administration anticipates a loan demand of more than $900 million for the same period. This will leave a capital gap of more than one-half million dollars.

These unmet loan needs are a result, in part, of the effects of inflation, which has eroded the buying capability of the dollar. In terms of 1958 dollars, the $345 million loan program proposed for fiscal 1971 is worth only $214 million.

The rural electrification program must not be allowed to become a victim of inflation and neglect. At a time when we are urging greater economic and human development in our rural areas, we must not rob these areas of the electrical energy needed for development.

I am urging members of the Appropriations Committee to increase the level of funding for the Rural Electrification Administration loan program. The appropriation must be raised to a level which will enable the rural electric systems to meet their utility responsibilities and build the plants needed to continue to adequately serve their farmers and other rural consumers.

A TRIBUTE TO DR. J. D. HEACOCK ON HIS 101ST BIRTHDAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. BUCHANAN) is recognized for 30 minutes.

Mr. BUCHANAN. Mr. Speaker, I rise to pay tribute to a truly remarkable citizen of my congressional district, Dr. J. D. Heacock, who will celebrate his 101st birthday on Saturday, May 23. For 70 years, until he was a youthful 93, Dr. Heacock engaged in the active practice of medicine. He begins his 102d year with the clear mind and fine personality which have marked his life.

The greatest measure of the life of this distinguished citizen, however, is not its length. Dr. Heacock has throughout his days made a rich contribution to the welfare of his fellow man and the life of his city and State. Joseph Davis Heacock was born in Talladega, Ala., on May 23, 1869, the son of a general practitioner who was one of a family of Quaker doctors from Pennsylvania. He graduated from Howard College—now Samford University—in 1890 and from Tulane Medical School in 1894.

Recalling the days in the 1890's when he was first establishing his medical practice, Dr. Heacock says:

My fee for an office visit was $2 and some people thought that was too much.

In 1900 he was named Jefferson County physician. In 1904 Dr. Heacock traded the saddle horse and buggy-puller with which he had begun his practice for an automobile.

In 1908 he was named a trustee of Howard College and continues to serve as a life trustee of Samford University. In 1931 he received an honorary LL.D. degree from Samford and in 1968 was cited for 60 years' loyalty and service and presented with a Samford University chair.

He is the only living founder of the Alabama Tuberculosis Association. Almost singlehandedly he preserved that association during the dark days of the depression and has served as its president. In grateful recognition, the Alabama Tuberculosis Association established "The Heacock Medal"—a gold merit award given to laymen for outstanding work in respiratory diseases. Dr. Heacock is the only physician to have received this award.

He is a past president of the Jefferson County and Alabama State Medical Associations and has also been a member of the House of Delegates of the American Medical Association. Dr. Heacock has served as dean of the Nurses Training School of the Birmingham Baptist Hospital and as a member of the State examining board for nurses. He has also served as medical director of the Protective Life Insurance Co.

When he began practicing medicine in the East Lake section of Birmingham in 1896, fees often consisted of such things as a bushel of corn or a chicken. According to his own testimony, he "almost starved to death getting started in the practice of medicine." Notwithstanding this, he gave himself to the service of people, the poverty stricken, the elderly, without regard to what the fee might be or whether there would be one at all—a pattern he continued even after more prosperous times came his way.

Dr. Heacock has two daughters, Mrs. James Alto Ward and Mrs. E. H. Wrenn, and a son, Joseph Davis Heacock, Jr. Six grandchildren and 12 great grandchildren complete the present family circle. One of his grandsons, Dr. James Alto Ward, Jr., is a distinguished surgeon of Birmingham and the entire family has made a rich contribution to the life of our city and State.

As Dr. Heacock begins his 102d year, he does so with the love, respect, and warmest best wishes of the many people whose lives he has blessed along the way. On behalf of the people of the Birmingham area, whom it is my privilege to represent in the Congress, I wish him the happiest of birthdays. Let the RECORD reflect that we are very glad he was born.

I also appreciate the participation of a number of my colleagues including the gentleman from Pennsylvania (Mr. MORGAN), chairman of the Foreign Affairs Committee, and himself a physician and surgeon, and the distinguished minority leader of the House of Representatives, Hon. GERALD R. FORD.

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

Mr. BUCHANAN. I am glad to yield to the distinguished gentleman from Missouri, who is not only a very valuable Member of this House but himself is a distinguished physician and surgeon.

Mr. HALL. I thank the gentleman.

Mr. Speaker, I certainly want to pay tribute to Dr. Heacock on his 101st birthday and compliment the distinguished gentleman from Alabama for bringing this before the citizens of the United States. As I understand it, Dr. Heacock has successfully passed his 100th birthday and on Saturday next will be 101 years of age. I know that he joins in the blessing of the good Lord that allows those of us who have passed 60, for example, to maintain their mental acuity regardless of what time wreaks on the old body.

We had a famous hillbilly singer who once upon a time said:

> It ain't the years on this old frame that wreaks, it's the mileage that has been that counts.

I know that Dr. Heacock and my distinguished friend from Alabama join with me in the mental acuity of Dr. Heacock as he approaches his 101st birthday.

I understand he is not only the son of a physician but he has sons who are physicians, and his grandson is an eminent surgeon. Certainly, he is to be congratulated for having chosen and sired many who lead this humanitarian form of quality service to his fellow man.

Mr. Speaker, I also understand that Dr. Heacock practiced in the days not only of the "$2 fees" which does not seem too ancient to this practitioner, but also in the days of candlelight which does predate my practice, although I at one time delivered children in the light of the North Island fire in Chicago in the depression days. This was the only light we had at that time. I do not believe I ever practiced surgery or brought new citizens into the world by the light of candles. However, I want to say how wonderful it is to have progressed from the days of candlelight to that of the laser beam as Dr. Heacock has and still maintain his interest in modern space technology, among many other things. This is, indeed, the seed from which great nations grow. Long may his life continue with fulfillment of his dream of service above self.

I thank the distinguished gentleman from Alabama for bringing this to our attention.

Mr. BUCHANAN. I thank the distinguished gentleman from Missouri for his fine contribution.

Mr. FLOWERS. Mr. Speaker, it is indeed a pleasure to join my colleague, the Honorable JOHN H. BUCHANAN, JR., in paying a truly deserved tribute to a distinguished citizen of our State, J. D. Heacock. On Saturday, May 23, Dr. Heacock will be celebrating his 101st birthday and the countless persons he has helped during his long service as a physician will share in the joy of this occasion.

Dr. Heacock certainly merits our admiration, and it is a privilege for us to extend this tribute on the occasion of his 101st birthday.

Mr. GERALD R. FORD. Mr. Speaker, my warmest and most sincere congratulation to Dr. J. D. Heacock who celebrates his 101st birthday Saturday. I am pleased to join with my colleagues in recognizing the outstanding achievements of this fine man who has done so much for so many people in the Birmingham area.

Mr. MORGAN. Mr. Speaker, as one of the few physicians in the House of Representatives, it is an honor for me to join in the tributes being paid to a very remarkable American who is celebrating his 101st birthday on Saturday, May 23. I speak of Dr. Joseph Davis Heacock who was born in Talladega, Ala., on May 23, 1869, who is the son of a general practitioner who was one of a family of Quaker doctors from my own State of Pennsylvania.

Dr. Heacock has devoted his life to the practice of medicine and to the betterment of the health of his fellow man. When the depression threatened the life of the Alabama Tuberculosis Association, his efforts were foremost in preserving it and he is now its sole surviving founder.

Throughout his long and distinguished career, Dr. Heacock has been active beyond the limits of his own private practice. He has been president of the Jefferson County Medical Society and the Medical Association of Alabama and has also served as a delegate to the American Medical Association. Among his many activities he has been medical director of the Protective Life Insurance Co., dean of the Nurses Training School of Birmingham Baptist Hospital and a member of the State examining board for nurses.

I salute Dr. Heacock on his anniversary and join with his host of patients and friends in wishing him many, many more happy and productive years.

Mr. DICKINSON. Mr. Speaker, Joseph Davis Heacock was born in Talladega, Ala., on May 23, 1869. This Saturday, Dr. Heacock will celebrate his 101st birthday. It is a privilege for me to join the distinguished gentleman from Alabama (Mr. BUCHANAN) in this tribute to one of Alabama's outstanding citizens. I congratulate Dr. Heacock as he approaches this new milestone in his life.

Mr. Speaker, Dr. Heacock's achievements have been many. He almost single-handedly preserved the Alabama Tuberculosis Association which was threatened by the effects of the depression. A past president of the association, he is now its sole surviving founder. He has been president of the Jefferson County Medical Association of Alabama, county physician and a delegate to the American Medical Association. Dr. Heacock has been medical director of Protective Life Insurance Co., dean of Nurses Training School of Birmingham Baptist Hospital, and a member of the State examining board for nurses.

Dr. Joseph Davis Heacock graduated from Howard College in 1890, and graduated from Tulane Medical College in 1894. Dr. Heacock's practice of medicine covers a 70-year span. A family physician, he dedicated his career to the welfare of his fellow man. A truly remarkable human being, Dr. Heacock is still active and alert. As the saying goes: He is thriving with vim, vigor, and vitality. On reaching his 100th birthday, Dr. Heacock made this observation:

> Today's college-age generation is the best I ever saw. Youngsters today are working in a good way—irrespective of all this rioting and anarchy business. I can tell it from my association with them.

Dr. Heacock will never grow old with the philosophy for life that is his.

Mr. Speaker, may I take this opportunity to wish Dr. Joseph Davis Heacock a very happy birthday and many more to come. If my colleagues in the House would like to send Dr. Heacock a birthday message, please address your correspondence to: Dr. J. D. Heacock, The Hanover House, 39 Hanover Circle, Birmingham, Ala. 35203.

Thank you, Mr. Speaker.

Mr. EDWARDS of Alabama. Mr. Speaker, it is with great pleasure that I join with my colleague, the Honorable JOHN H. BUCHANAN, Jr. from Birmingham, Ala., in paying tribute to a very distinguished constituent of his, Dr. J. D. Heacock of Birmingham, who is celebrating his 101st birthday on May 23, 1970.

Joseph Davis Heacock was born in Talladega May 23, 1869, the son of a general practitioner who was one of a family of Quaker doctors from Pennsylvania.

He was a Howard College student in 1887 when the campus moved to East Lake from Marion. He was graduated in 1890, and went to Tulane Medical School from which he was graduated in 1894.

At that time, semiprivate Mobile Medical College was the only medical school in the State.

A member of Kappa Alpha fraternity, and a Howard College trustee since 1908, he is now a life trustee. His alma mater conferred upon him, in 1931, an honorary LL.D. degree.

Dr. Heacock's many years of outstanding service to the people in his area stand as an outstanding example for us all to follow. His optimistic and cheerful outlook on life and his ever readiness to help his fellowman are attributes we need more of in the world today. Happy Birthday, Dr. Heacock, we all hope you have many, many more.

Mr. NICHOLS. Mr. Speaker, I am pleased to join today in paying tribute to one of Alabama's outstanding citizens. Dr. J. D. Heacock was born in my home county of Talladega 101 years ago. Since then he compiled in almost unbelievable record of practicing medicine for over 70 years. His medical career lasted longer than the life of an average person.

Throughout his life, he has maintained a sense of humor. Although I have not heard say so, it seems to me that this might be the secret to his long life. Perhaps those of us here in the Congress might do well to cultivate a little more sense of humor as Dr. Heacock apparently did. Certainly the medical profession does not in itself lend a great deal to the development of one because of the long hours and the personal contact with pain and unpleasantness.

I know I speak for all the people of my district and my State when I commend Dr. Heacock for his service to humanity, and congratulate him on reaching this milestone in his life.

Mr. ANDREWS of Alabama. Mr. Speaker, I am especially pleased today to add my congratulations to Dr. Joseph David Heacock of Birmingham, as he celebrates his 101st birthday on May 23.

It is altogether appropriate and significant that we pay tribute to this great Alabamian today, not simply because he has lived for more than a century, but because he has compiled an enviable record of service to humanity.

A general practitioner—a family doctor—who served the needs of countless little people, Dr. Heacock is the kind of doctor we need more of—and the kind we are seeing less and less these days.

A native of Talladega, Ala., Dr. Heacock started his practice during some very lean years in the 1890's, following graduation from Tulane Medical School in 1894. He had earlier received his undergraduate degree from Howard College in Birmingham in 1890.

During his long medical career, Dr. Heacock has served as president of the Alabama Tuberculosis Association, which he helped found and preserve; president of the Jefferson County Medical Society; president of the Medical Association of Alabama; medical director of Protective Life Insurance Co., Inc.; dean of Nurses Training School of Birmingham Baptist Hospital; and a member of the State examining board for nurses.

Alabama is fortunate to have the services of this most uncommon man, whose vigor has not diminished for all of his 101 years.

GENERAL LEAVE TO EXTEND

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that all Members desiring to revise and extend their remarks on this subject of my special order may do so within 5 legislative days.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

OIL IMPORT CONTROLS

The SPEAKER pro tempore (Mr. VANIK). Under a previous order of the House the gentleman from Texas (Mr. PRICE) is recognized for 60 minutes.

Mr. PRICE of Texas. Mr. Speaker, in recent days the House Interior Committee concluded its rather extended hearings on the subject of oil import control. I commend the members of the Committee for their diligence in pursuing this vital issue.

I think now is an appropriate time for the membership of the House to be given an opportunity to consider the subject in perspective for, as we are all well aware, the merits of the oil import issue have received different treatment from differing individuals and organizations.

For example, the President's Task Force on Oil Import has concluded, but by no means with complete agreement among the seven members, that the present quota system should be replaced by a tariff system. Thus it would appear that any alterations in the present quota system would have as their prime objective the reduction of domestic crude oil prices. In my judgment, an objective of this sort takes too narrow a view of the cost-price-value relationships of domestic oil to our economy and our way of life.

I am particularly disturbed by this recommendation of the Task Force. I believe if it were taken seriously and adopted as a course of national policy, it could well prove disastrous to the American way of life as we know it.

Mr. Speaker, I do not make this statement purely for shock value. Neither do I think I am overstating the case. I do think, however, I am fairly stating a chilling possibility. If this Nation trades the tried and proven quota system for a new and untested tariff system, we may save a few dollars in the short run, but we could destroy our country in the long run.

To prevent such a situation from having even a remote chance of developing, I have introduced legislation to make permanent the present quota system for oil imports. In addition, I have urged my colleagues to lay partisan politics aside and join with me in this endeavor. I have taken this course of action because I believe this issue to be larger than political party; indeed, it is larger than politics itself.

I believe I can speak with some insight on this subject, because I am from a major oil producing area of the country. In addition, as part of my continuing personal education, I have engaged in extended and ongoing dialogs with both independent and major oil and gas producers. As a result, I realize full well the major role the petroleum industry plays in our society, a role I would now like to discuss at some length for the benefit of those of my colleagues who are less than well acquainted with this vital subject.

The United States is the greatest consumer of energy in the world, and oil and gas are the single largest sources for this energy. Americans depend on oil and gas for approximately 75 percent of their energy requirements. Oil products fuel virtually all of our transportation systems, they heat our homes, they are intensively employed in manufacturing and production, and they power our military forces.

The extent of our national oil consumption is demonstrated by the fact that presently, the United States consumes more than 13,000,000 barrels of oil daily. Moreover, forecasters predict that our present rate of consumption will increase 50 percent by 1980, and will double by 1990.

I think it is clear that because of our great consumption of oil, it is absolutely essential for the United States to have a proven reserve of oil supplies capable of satisfying any national emergency, plus a supply of oil sufficient to supply our foreseeable normal oil consumption requirements. The stakes involved are very large; they center on our national security, our national self-sufficiency, and the economic well-being of all Americans.

Mr. Speaker, I would agree that in the short run, it would profit domestic refiners to use foreign crude oil. I would also agree that some of the resulting profit could be passed on to the final consumer in the form of lower prices for petroleum products. However, if one examines this condition from a larger perspective, it becomes readily apparent that these momentary pecuniary gains created by the tariff system are overshadowed by the larger problems that the system creates for the United States and the free world.

Even at current restricted levels, the value of U.S. oil imports exceed $1 billion annually. This is the largest single cause for an unfavorable balance of trade. If the level of imports were enlarged, as is contemplated under the tariff system, it will undoubtedly cause an alarming crisis in the U.S. balance of foreign payments. In this connection, the Chase Manhattan Bank has already disclosed that the effect of reducing the average price of domestic crude oil by 30 cents per barrel, as was suggested by the task force, would result in an adverse impact on U.S. balance of payments in the annual amount of approximately $10 billion by 1980.

Turning to the domestic scene, the oil and gas industry has not in any way been exempt from the inflationary pressures besetting the general economy. The industry has been plagued with rising costs, tight money, and high interest payments on alternative investment sources. As a result, the search for new U.S. oil and gas supplies has dramatically decreased. In 1956, 16,200 exploratory test drills were conducted as part of the continual search for oil and gas. In 1967 and 1968, however, only 8,800 such drillings were made. Moreover, total oil and gas wells drilled declined from 58,400 in 1956, to merely 30,900 in 1968, a 47-percent reduction in operations.

The consequences of this decline are as obvious as they are true. The domestic industry has failed to locate enough petroleum to keep producing ability abreast of rising demands for oil and gas. More particularly, less oil was found than was actually produced in 5 of the last 10 years. In gross terms, while production increased by 4.2 billion barrels between 1959 and 1969, 2.8 billion less barrels of crude oil were discovered than was the case in the preceding decade.

This production decline has taken its inevitable toll on our vital but limited oil reserves. An even more critical situation, however, is posed by the current state of domestic natural gas reserves. The U.S. demand for natural gas has soared from an annual consumption, expressed in trillions of cubic feet, of 16.6

in 1965, to 21.1 in 1969, and is predicted to reach 26.6 in 1973. Our natural gas reserves, though, have substantially dwindled in terms of the number of years that natural gas reserves will last, in 1965 we had 17.5, in 1969 we had 13.7, and it is estimated that we will have only 10.2 by 1973.

In my judgment, coupling this critical established reserves condition with the fact that the full extent of Alaskan reserves have yet to be determined yields but one conclusion. Namely, any change in the present import quota system could wreak havoc on the petroleum industry and seriously disrupt the entire economy, which heavily depends on petroleum products.

Mr. Speaker, inflationary pressures have not been the only misfortune to befall the petroleum industry in recent years. A decline in U.S. crude oil prices has also been a problem of major significance. Prices paid U.S. crude oil producers dropped from $3.17 per barrel in early 1957, to $2.88 per barrel in 1960. As for the latter part of the decade, crude prices advanced to $2.95 per barrel in mid-1968, and then to $3.10 per barrel in May 1969. This increase notwithstanding, however, the current price is still 7 cents per barrel less than it was in early 1957. Moreover, today's crude oil prices run slightly less than 8 cents per gallon, a very modest figure by any reckoning.

One of the major factors contributing to the depressed price levels facing domestic oil producers has been imported oil. Despite the oil import control program, U.S. oil imports doubled from 1958 to 1969. Expressed in barrels, imports rose from 620.6 million barrels in 1958 to 1.2 billion barrels in 1969. At this increased rate, foreign sources supplied 22 percent of all the oil consumed last year in the United States.

While on this subject, I believe President Nixon took a wise course of action by establishing a formal ceiling on Canadian oil imports. He did so for obvious reasons; voluntary oil import controls simply have not worked. Despite them, Canadian oil producers flooded the Eastern United States with cheap crude and unfinished oil.

President Nixon recognized the problems this business situation created for domestic producers. By establishing a formal ceiling on Canadian oil imports to the Eastern United States the President not only lifted an unfair burden from the back of the petroleum industry, he protected our national security system which depends for its strength and effectiveness on the health of our oil and gas industry.

While placing a ceiling on Canadian imports was a vitally needed action, much if not all of its value would be canceled by increasing imports of foreign oil from other sources. To increase the already substantial inflow of foreign oil would be disastrous. Resort to a tariff of $1.45 per barrel, as was suggested by the task force, would roll back present price levels by approximately 30 cents. Were this to occur, I predict within 3 years of its imposition, the price roll-back and the resultant shut-in production would cost the U.S. oil industry about $1 billion per year in after-tax earnings.

If the net loss stemming from the proposed phase-out of import quotas were added, the total amount of annual after-tax loss following the phase-out period would be at least $1.5 billion—a loss just about equal to the total net annual value of the oil depletion allowance. My point here is, while no Member of Congress has seriously suggested that the depletion allowance be completely phased out in a 3- to 5-year period, such a possibility becomes an eventuality under the tariff system proposed by the President's task force, for the monetary impact on the petroleum industry would be roughly the same.

Mr. Speaker, when all of these factors are taken into consideration and carefully evaluated, I believe the conclusion is inescapable. Increasing oil imports as proposed by the task force would cripple the domestic oil and gas industry. It would greatly discourage and limit production and would drastically reduce incentives for investors to finance essential operations. Moreover, thousands of oil wells, most of them owned by small and independent operators would be forced to close. Domestic production would drop approximately 500,000 barrels a day. This would ultimately create an unrecoverable oil reserve loss of at least 6 to 8 billion barrels. In addtion, the closing of the wells would drive out of work thousands of individuals who directly or indirectly owe their livelihood to the petroleum industry.

As a result of this unfortunate chain of circumstances, oil-producing States and the Federal Government would lose considerable tax revenue. In an effort to recapture this loss in revenue, the States affected and the Federal Government would be forced to levy more taxes from other already overburdened taxpaying segments of society. In the fiscal sense then, we would, by eliminating the quota system, be biting off our nose to spite our face.

Turning to another facet of this subject, it is my considered judgment that exchanging the present oil import controls for a tariff system would have grave implications for our national security. As beginning economics students soon learn, there is an inverse relation between supply and price; the scarcer the supply, the higher the price. In the case of domestic versus foreign oil, if the United States were to become dependent on foreign oil, foreign producers would naturally raise their selling prices.

With our newly self-created vulnerability, we would have no other alternative than to purchase our needed supplies of petroleum at the higher prices. In such a situation, we would not be able to tap our domestic reserves, because we would have no reserves. They would have been exhausted and not renewed by reason of the tariff system of oil imports control.

Extending the same line of reasoning, even the proponents of the tariff system admit the obvious fact that increasing the flow of oil imports would reduce the incentives needed to motivate domestic exploration for new petroleum sources. They argue, however, that foreign oil supplies are more than adequate to meet our consumer and defense needs. Conveniently ignored is the fact that if our foreign supplies were cut off, we would literally be left high and dry if our domestic oil and gas industry had withered away due to the operation of a tariff system.

In my view, it is entirely within the realm of possibility that the United States could be placed in this condition. After all, had we not had a healthy domestic petroleum industry in 1967, we would have been in dire straits when several oil-producing nations in the Middle East placed an embargo on oil exports to the United States.

The specter that an even worse situation could develop in the future was raised by no less a personage than United Arab Republic President Gamal Abdel Nasser, who stated in February that if the United States gave more Phantom jets to Israel it would lose its economic interests in the Arab world in less than 2 years. Subsequently, the Prime Minister of Libya declared he would nationalize the vast U.S. oil interests in his country if it would contribute to Arab victory in the Middle East.

Mr. Speaker, when individuals such as these, men who directly or indirectly control our foreign sources of oil, start making threats like this, our national interest is placed in clear perspective. We simply cannot afford to let the destiny of this great country be decided by foreign rulers. We must retain the mandatory oil import control program.

IN PRAISE OF SBANE

The SPEAKER pro tempore. Under a previous order of the House the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 10 minutes.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I would like to take this opportunity to applaud small business—one of the most important segments of the American economy. As this is National Small Business Week, there is no better time to pay tribute to these outstanding contributors to the economy. Since the birth of our Nation, the small businessman has been the backbone of our financial system. His strides have been immense and are now deeply etched into the framework of American society. The advancements made by these so-called "little men" underline the essential impetus they can and will continue to provide.

This week, National Small Business Week, should be a time to focus on small business, not just as an abstract concept but in the reality of day-to-day operation, with all its trials and tribulations. The far-reaching impact of small business on the daily life of every American may be observed by walking down the main street of any town in Massachusetts, my home State.

We, in New England, are especially fortunate to have the leadership of a well-organized and dynamic group of small businessmen, SBANE—the Smaller Business Association of New England, Inc. It behooves us all to applaud the initiative of SBANE for invaluable guidance in the protection of the rights and interests of small businessmen. We, in this Congress, must guard zealously against encroachment upon the oppor-

tunities of small business, lest we impede progress in this vital institution of American life.

The small businessman is faced with unique problems. Desiring as he does to join with others in our society in the fight against pollution, he may, nonetheless, be unable to afford the expense of costly antipollution devices if his operation is marginal. Yet, the long-overdue war on pollution must become an active and immediate crusade supported by all business enterprises both large and small. We can no longer delay. It is imperative that we act to assist the small businessman to overcome his difficulties in joining the antipollution effort.

For this reason I shall introduce in the very near future legislation designed to meet the needs of small business in combating the pollution problem and conforming to Federal and State regulations. If low-interest Government loans or tax credits are not quickly made available to the small businessman, he may be driven out of business, because he cannot meet the prohibitive costs of pollution control measures.

We cannot neglect the urgent necessity of making it possible for small business to become an active participant in the drive to combat the ravages of pollution. The very quality of our present and future life depends upon creative solutions implemented now.

TAKE PRIDE IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Ohio (Mr. MILLER) is recognized for 5 minutes.

Mr. MILLER of Ohio. Mr. Speaker, today we should take note of America's great accomplishments and in so doing renew our faith and confidence in ourselves as individuals and as a nation. The United States is the world's largest producer of silver ore. In 1966 the United States mined 1,358 metric tons of silver ore. Canada, the second-ranked nation, mined 1,037 metric tons.

INTRODUCTION OF RESOLUTION CONCERNING CAMBODIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ROONEY) is recognized for 10 minutes.

Mr. ROONEY of New York. Mr. Speaker, these past weeks have been ones for much soul searching on the part of many of us. We have seen a number of concerned constituents who urge a halt to our expanded operations in Southeast Asia. Just yesterday I met for quite awhile with eight members of the Association of the Bar of the City of New York and much of what they had to relay is incorporated in my thinking today.

Every rational American wants to see the war in Vietnam ended right now. Not tomorrow, or next month, or a year from now, but right now. Yet the only person in this country who can end the war is the President of the United States, and up until now he has had my full support.

After the discussions I had yesterday with John J. Jerome, John E. Rogers, William B. Rozell, John L. Primmer, Benjamin M. Vandegrift, Michael K. Glenn, Walter F. X. Healy, and Jeffrey M. Siger, I feel that I am justified today in introducing House Resolution 1042. This provides that unless a joint resolution is approved by the Congress on request of the President, no funds may be expended to keep U.S. forces in Cambodia. No funds would be allowed compensation to persons who furnish military instruction to Cambodian forces or who engage in combat activity in support of Cambodian forces.

In addition, no money could be used to support any combat activity in the air above Cambodia except for the interdiction of supplies or personnel using Cambodian territory for attack against or access into South Vietnam.

I feel that this resolution expresses to the President the will of the Congress and at the same time makes available a means whereby if he feels he must he may come to Congress and openly explain why any operations must continue. The issue will then be decided by a vote of the Congress acting on behalf of the American people.

SST WILL NOT HURT THE ENVIRONMENT, BOEING CLAIMS

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Wisconsin (Mr. REUSS) is recognized for 30 minutes.

Mr. REUSS. Mr. Speaker, every congressional office has received an attractively printed pamphlet from the Boeing Co., entitled "The Supersonic Transport and the Environment." This document attempts to make a case for the proposition that the SST will not harm the environment.

Let us examine the Boeing contentions:

AIR POLLUTION

According to Boeing:

The SST will generate *less pollutants* per passenger mile than most other transportation alternatives.

That is true. As Boeing goes on to point out, the SST will generate less pollutants per passenger-mile than automobiles, ocean liners, diesel trains, and piston engine aircraft. But it will generate more pollutants per passenger-mile than any other form of jet aircraft, and that is what we are talking about. The choice is not between SST's and automobiles; it is between SST's and other types of jet aircraft.

Consider the following from Council on Environmental Quality Chairman Russell Train in a letter to Transportation Under Secretary James Beggs on March 21, 1969. Mr. Train was then Under Secretary of the Interior. After saying that he thought pollution resulting from SST engine discharges was a "significant environmental problem," Mr. Train went on to say:

It is my understanding that operation at subsonic speeds, including takeoff and landing, results in inefficient fuel combustion with a resulting heavy discharge of pollutants into the atmosphere. Both atmospheric pollution and ground contamination seem likely to result.

HIGH ALTITUDE EFFECTS—WEATHER CHANGES

According to Boeing:

There is no known technical basis or available data to support the concern that the SST fleet operation will have an adverse effect on the weather.

This is at least arguably true, but again it is beside the point. The reason Boeing can say that there is no known technical basis for concern is that no adequate studies of the weather problem have been done. As Russell Train testified on May 12, 1970, before the Subcommittee on Economy in Government of the Joint Economic Committee, "we do not have adequate knowledge to make secure judgments" on these problems. Indeed, Transportation Under Secretary James Beggs acknowledged this gap in the data before the same subcommittee on May 11, and revealed that DOT was commissioning studies in this area at the request of Mr. Train.

There can be no question about Chairman Train's concern over the possible impact of the SST on the weather and the upper atmosphere. Let me quote briefly from his testimony on May 12:

The supersonic transport will fly at an altitude of between 60,000 and 70,000 feet. It will place into this part of the atmosphere large quantities of water, carbon dioxide, nitrogen oxides and particulate matter. . . .

Water in this part of the atmosphere can have two effects of practical significance. First, it would affect the balance of heat in the entire atmosphere leading to a warmer average surface temperature. . . . Secondly, water vapor would react so as to destroy some fraction of the ozone that is resident in this part of the atmosphere. The practical consequences of such a destruction could be that the shielding capacity of the atmosphere to penetrating and potentially dangerous ultraviolet radiation is decreased. As in the case of surface temperature, we do not have adequate knowledge on which to make secure judgments as to the practical significance of the effect of water on the ozone. Finally, the increased water content coupled with the natural increase could lead in a few years to a sun shielding cloud cover with serious consequences on climate.

Clearly the efforts of supersonics on the atmosphere are of importance to the whole world. Any attempt to predict those effects is necessarily highly speculative at this time. The effects should be thoroughly understood before any country proceeds with a massive introduction of supersonic transports.

COMMUNITY NOISE

According to Boeing:

Most people living in the vicinity of airports serviced by the SST will be exposed to less community noise, than they hear today. Sideline noise (principally noise on the airport itself) is a problem to be solved with an intensive development program.

It is probably true that there will be less community noise—that is, noise over the approach and takeoff paths—from the SST than from current jets—although the SST may be louder in terms of community noise than the quieter subsonic jets that will be in service at the same time as the SST.

But in terms of sideline noise—that is, noise on either side of the runway—the SST will be many times louder than even the noisiest jets now flying. Dr. Richard L. Garwin, a physicist and member of the President's Science Advisory Committee who last year conducted a still-secret study of the SST for President Nixon, has testified that the sideline noise from the SST will be equivalent to

the noise from 50 subsonic jets taking off simultaneously. Hearings before the Subcommittee on Economy in Government of the Joint Economic Committee, May 7, 1970.

Boeing says sideline noise "is a problem to be solved with an intensive development program." But the evidence is that this problem cannot be solved. Dr. Raymond L. Bisplinghof, dean of the school of engineering at MIT and Chairman of the SST Technical Evaluation Committee formed last year by FAA to review the plane, has said:

> There is very little prospect of bringing the sideline noise down to subsonic transport levels by any practical methods known at the present time. (Memorandum to the FAA, February 7, 1969.)

Furthermore, sideline noise is not "principally noise on the airport itself." There is scarcely a single U.S. international airport in which this sideline noise can be confined to the airport.

I also have some question about Boeing's chart listing the SST's sideline noise at 112 PNdb. Aviation Week for January 5, 1970, reports that SST sideline noise is at a level of 122–129 PNdb, which makes it at least two or three times louder than the figure given in Boeing's pamphlet.

SONIC BOOM

According to Boeing:

> The supersonic transport will be prohibited from making sonic booms over populated land areas. The sonic boom over water will be extremely mild and not harmful to marine life. Under these operating conditions, the SST fleet will be an economic success.

Although the FAA has tentatively proposed a rule that would bar the SST from boom-producing flights over the United States, it is by no means clear that this ban would hold up in the face of the pressures that could develop if it appears that the SST will be an economic flop unless it can fly over land supersonically.

FAA Administrator John Shaffer said as much last November before the Senate Appropriations Committee when he testified that the SST might be "dragged into" the market which he defined as "east to west or west to east over populated areas."

The FAA argues that sonic booms should be banned by regulation rather than by law because, in the words of one pro-SST Department of Transportation official, "It's much easier to change a regulation." Quoted in the April 30, 1970, Wall Street Journal.

Boeing's pamphlet also claims that they can sell 540 SST's in a boom-restricted market—500 sales are needed for the Government to get its money back plus 4 percent interest. But an economic analysis by the Department of Transportation's Office of Economics and Systems Analysis done early last year predicts an SST market of only 420, going down to 370 if there are significant delays in the program (CONGRESSIONAL RECORD, May 18, 1970, p. 15843). Outside analysts have predicted that SST sales will be as low as 139 (CONGRESSIONAL RECORD, volume 115, part 25, page 34357).

I commend Boeing's pamphlet to my colleagues. It is useful to have both sides of the case presented, especially when that of Boeing is so woefully weak.

VIETNAM

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Louisiana (Mr. RARICK) is recognized for 10 minutes.

Mr. RARICK. Mr. Speaker, the psy-war promoters continue their tension strategy to frighten the American people with innuendos of the possibility of Red Chinese entry into the Vietnam-Indochina war. One premise used in this rationalization is the alleged surprise Red Chinese involvement in Korea because of under evaluation from our military intelligence and commanders at that time. Three years ago I had quoted from General MacArthur's reminiscences a communication by Maj. Gen. C. A. Willoughby denying the distortion in military accountability.

Despite the denial from his chapter on the Chinese Communist war from "MacArthur: 1941–51," by General Willoughby and John Chamberlain, as recently as May 12 of this year—page 15083—the military political apologist, Gen. James M. Gavin, is reported to have stated "I hasten to call on General Willoughby, MacArthur's G–2 to discuss with him the implications of possible Chinese entry into the war. He was the belief that they did not enter the war, that they had missed their opportunity to do so at Inchon when the landings were taking place."

Since General Gavin's purported testimony reinjected the charge of military misjudgment, I contacted General Willoughby at his home in Florida and have received the enclosed telegram:

NAPLES, FLA.

Hon. JOHN R. RARICK,
House Office Building,
Washington, D.C.:

Reference General Gavin's remarks the whole trend is to warn against the intervention of Red China and thus disparage Nixon's current strategy including the maneuver in Cambodia which is approved of by many professional soldiers I know of. In order to make China's speculative entry into action plausible, Gavin revives the Sino Korean war. In quoting me as believing that the Chinese would not enter, he also revives the old Truman hoax that MacArthur misled him at Wake Island. The President had daily reports for months that the Chinese were massing along the Yalu.

So had Gavin as a member of J.C.S. I do not recall Gavin's visit to Tokyo nor this conversation. I raise the question as I did at Wake Island. Did Gavin expect a casual discussion to supersede daily telecons on the subject? We reported 24 Red divisions along the Yalu as of October 15th, 1950 ready and able to cross the river. Washington's guess was as good as Tokyo's if they would dare to cross. In fact they were encouraged to cross. Now some Chinese may want to get their fingers into the Viet Nam pie but are quite a distance away from Saigon. Why browbeat Nixon on what is still a speculative potential. Or browbeat him to learn from the Sino-Korean war 1951 with allegations that long have been disproved. This whole gambit is a repetition of the Wake Island hoax. It still crops up from time to time. We refuted it extensively and in detail in the Congressional Record, vol. 113, pt. 12, p. 15970. I published the same material in the Washington Post of May 29, '67. The nationally known columnist John Chamberlain covered the same data on December 1st, '64 and again on April 7, '67. He was co-author with me of "MacArthur 1941–1951." See chapter 16, "The Chinese Communist War," pages 378 to 417. I stand on my authoritative positions as the responsible editor-in-chief of the MacArthur reports. U.S. Government Printer, catalog Number D–1012M11. Four volumes, 1966 to 1968.

Maj. Gen. CHARLES A. WILLOUGHBY.

General Willoughby's telegram as well as his written reports should convince objective scholars that General Gavin's recent testimony is unsubstantiated, in fact denied, by the G–2 for Gen. Douglas MacArthur.

I include my remarks of June 15, 1967, as follows:

CRISIS IN WORLD STRATEGY: INTIMIDATION OF PRESIDENT JOHNSON EXPOSED

(Mr. RARICK was granted permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RARICK. Mr. Speaker, in a brief discussion of the current crisis in world strategy in the CONGRESSIONAL RECORD, vol. 113, pt. 12, p. 15863. I quoted the immortal 1951 address of Gen. Douglas MacArthur before a joint meeting of the Congress. Its main points are just as applicable today in Vietnam as they were as regards Korea. Thus, I have read with interest and astonishment an article by a columnist of the Washington Post, Marquis Childs, in the May 29, 1967, issue of that newspaper on "The Viet Nam War: Will China Enter?"

In this article I find, in slightly modified form, the Wake Island Conference calumnious falsehood that General MacArthur misled President Truman as to the possible intervention by Red China in Korea, which author Childs cleverly stresses by quoting a relatively unknown writer's description of MacArthur's advance to the Yalu as "one of the most egregiously wrong strategic intelligence estimates in history."

Because of the seriousness of this criticism, I have looked into the matter and my search has been rewarding. The essentials are set forth in Gen. MacArthur's Reminiscences—McGraw-Hill, 1964—a "Communication from Maj. Gen. C. A. Willoughby in the Washington Post of May 9, 1964, and an article by John Chamberlain in that paper on April 7, 1967. In view of the completeness of the record it is difficult to understand why the Post permitted the publication of the Childs' article without corrective editorial comment.

The facts about the Wake Island episode are—

First, that near the end of that conference the possibility of Chinese intervention came up in a casual manner.

Second, that the consensus of those present was that Red China had no intention of intervening.

Third, that President Truman asked General MacArthur for his views.

Fourth, that the general replied that the answer could only be "speculative," that neither the State Department nor the Central Intelligence Agency had reported any evidence of intent by Peiping to intervene with major forces, but his own intelligence had reported heavy concentrations of Red Chinese in Manchuria near the Yalu, and that his "own military estimate was that with our largely unopposed air forces, with their potential capable of destroying, at will, bases of attack and lines of supply north as well as south of the Yalu, no Chinese commander would hazard the commitment of large forces upon the devastated Korean Peninsula."—MacArthur, "Reminiscences," page 362.

Fifth, that there was no disagreement from anyone present as to what MacArthur had stated.

The picture drawn in the Childs article

that the President had to go to Wake Island to obtain strategic information of Red China's moves, and potential is false. That information was available in Washington in minute detail in daily intelligence summaries and required no confirmation at Wake Island or any other place. Conversely, General MacArthur did not need to make declarations that have since become the basis for articles such as that by Marquis Childs. MacArthur's own intelligence traced the progressive moving and massing of Chinese armies from the interior to the Korean border. His staff in Tokyo located 33 divisions on the Yalu at the time of the Wake Island casual conversations. President Truman went to Wake Island surely not for information that was already available to him in Washington but for political effect and MacArthur's advance to the Yalu was on direct orders of the United Nations—See statement by General Willoughby quoted later.

Many years later, when writing about this angle of the Wake Island conference, General MacArthur stated that it was "completely misrepresented to the public through an alleged but spurious report in an effort to pervert the position taken by him," and that it was done by "an ingeniously fostered implication that he had flatly and unequivocally predicted that under no circumstances would the Chinese Communists enter the Korean war." He described this as "prevarication."

Despite the glaring distortions of history in the Childs article, its author does perform one useful purpose: the identification of some of those responsible for opposing MacArthur's plan to end the Korean war. They were Assistant Secretary of State for Far Eastern Affairs Dean Rusk, Special Adviser W. Averell Harriman, William P. Bundy of the Central Intelligence Agency, and Secretary of State Dean Acheson. These same individuals are influential in foreign policy-making today and some of them are obviously trying to frighten President Johnson and thus to prevent him from allowing our forces to end the Vietnam war in the shortest time with the least cost in lives and treasure by applying every available means for victory. What these "strategists" are actually doing is playing into the hands of the international Communist forces under conditions favorable to them.

Although General MacArthur did sense that a "curious and sinister change" was taking place in Washington aimed at "temporizing rather than winning" the war, he did not then know that our forces would be prevented by elements in our own Government from bombing Red Chinese sanctuaries in Manchuria, from using the forces of free China on Formosa, from intensifying the economic blockade of Red China, and from establishing a naval blockade of the China coast.

Fortunately, as previously indicated, others have written on this particular episode: Major General Willoughby, who was MacArthur's Chief of Intelligence, was in daily touch from Korea with both MacArthur and Washington; and John Chamberlain, who is an objective and forthright writer and co-author with General Willoughby of "MacArthur 1941–1954"—McGraw-Hill, 1954. The facts in their articles previously cited refute with devastating completeness the allegations in the Marquis Childs article under discussion and expose the utterly false and malicious accusation that MacArthur had misled President Truman.

Because the use of this particular acquisition has become a habit among certain publicists and because it is still being used as a propaganda lever against the best interests of our country, utterly ignoring the refutation involved, I quote the three cited writings as parts of my remarks and commend them for study by all who seek the truth.

[From the Washington Post, Apr. 7, 1967]

THEY CONTINUE TO MISUSE MACARTHUR

(By John Chamberlain)

If a canard is repeated often enough, it becomes history. And then it is used to prevent clear thinking about history that is still to come.

This is exactly what is happening in the case of the lie that Gen. Douglas MacArthur led President Harry Truman astray at their Wake Island conference by assuring him that "he could march to the Yalu and not a single Chinese soldier would enter Korea."

The Wake Island canard is still being trotted out to scare Lyndon Johnson into treading lightly in Vietnam. The worst thing about using MacArthur's alleged "mistake" about Korea to prejudice our contemporary Vietnam planning is that it encourages Ho chi Minh to keep the war going while thousands continue to die.

I've been over this many times with MacArthur's Chief of Intelligence, Maj. Gen. Charles A. Willoughby, whose papers include some quick staff notes covering what happened at Wake Island. MacArthur was indeed asked about the chance of Red China's intervention if we were to move north to the Yalu. What he gave Mr. Truman was a "speculative" answer. He said his own local intelligence reported heavy Chinese concentrations near the Yalu border in Manchuria, but that a Chinese military commander would not dare risk committing large forces on the Korean peninsula when we had the "atomic potential capable of destroying at will bases of attack and lines of supply north as well as south of the Yalu." (The quotation is Willoughby's paraphrase of MacArthur.)

Of course, the Red Chinese did attack, but only after they had satisfied themselves that MacArthur would not be permitted to bomb the Yalu bridges or otherwise touch the "privileged sanctuary" in Manchuria. Since MacArthur's assurance that no sane Red Chinese commander would risk his troops on the Korean peninsula was based on the sound military proposition that the American forces would be permitted to destroy the enemy's communications over the Yalu, it is certainly stretching things to say that Harry Truman was "misled" by what was said at Wake Island. Mr. Truman knew that military men think in applicable military terms.

The Korean "parallel" has no relevance to the Vietnam situation unless we plan to assure Mao Tse-tung that even if the Red Chinese soldiers march south we will not touch his atomic plants or permit Chiang Kai-shek's 600,000 troops to land on the Asian mainland.

Fortunately there is one present-day commentator who doesn't fall for the continuing widespread misuse of Wake Island history. In his fascinating autobiographical memoir, "It's All News to Me," which is a smooth blend of light and serious stuff, Bob Considine has a lot to say about his encounters with MacArthur.

He mentions the use that 200,000 Chinese "volunteers" made of "a slender rail line, marshalling yards and depots, airfields and maintenance sites which MacArthur had been forbidden to bomb." The implication that MacArthur had had his hands tied is clear.

MacArthur is supposed to have warned against committing U.S. troops to continental Asia, but Considine shows that the General had no compunctions about using picked U.S. forces in special mainland situations.

In a birthday interview MacArthur told Considine that "of all the campaigns of my life—20 major ones to be exact—the one I felt most sure of was the one I was deprived of waging."

The General then outlined an operation that would "have won the war in Korea in a maximum of ten days. The enemy's air would first have been taken out. I would have dropped between 30 and 50 tactical atomic bombs on his air bases and other depots in . . . Manchuria . . . Dropped under cover of darkness, they would have destroyed the enemy's air force on the ground . . . I would then have called upon 500,000 of Chiang Kai-shek's troops, sweetened by two U.S. Marine divisions. These would have been formed into two amphibious forces."

Landing north of the Red Chinese, the amphibians would have squeezed the enemy between themselves and the U.S. Eighth Army. "The enemy," so MacArthur told Considine, "would have been starved out within ten days."

Would Russia have intervened? Not, said MacArthur, over "an endless one-track railroad."

If the Red Chinese had had any intimations that MacArthur would be allowed to exercise his own judgment, would they have marched into Korea? This question, and not the "mistake" made at Wake Island, is what should be pondered in relation to Vietnam.

[From the Washington Post, May 29, 1967]

THE VIETNAM WAR: WILL CHINA ENTER?

(By Marquis Childs)

The tune is somewhat different but the words are the same. China, it is being said by men of authority, cannot or will not enter the war in Vietnam. These comfortable words are strikingly like the repeated assurances of 17 years ago when the United States was deeply committed in Korea and preparing to advance to the Yalu River, the boundary between North Korea and China. Moreover, certain of the same men then in authority have responsibility today for Asian policy.

Secretary of State Dean Rusk was at that time Assistant Secretary for Far Eastern Affairs directly concerned with Korea and China. William P. Bundy, currently Assistant Secretary for the Far East, was with the Central Intelligence Agency beginning in 1951. Dean Acheson, considered a strong supporter of Johnson Administration policy and from time to time a friendly counselor, was Secretary of State. Roving Ambassador W. Averell Harriman, who is the latest to utter reassuring words about China and North Vietnam, was a special assistant to the President.

The conviction widely held then was that the Chinese Communists, having only a short time before driven Chiang Kai-shek and the Nationalists off the mainland, were in no position to send a large force into Korea. They were too busy consolidating their position in a country laid waste by nearly 20 years of war.

The record shows that what the Chinese were saying in 1950 closely parallels what they say today. That record has been put together most impressively by Brig. Gen. Samuel B. Griffith, USMC (Ret.), in his new book, *"The Chinese Peoples Liberation Army,"* one of a series sponsored by the Council on Foreign Relations. Translating Mao Tse-tung's basic work, *"On Guerrilla Warfare,"* Griffith has made himself an authority on China since his retirement. He served in Peking before World War II.

He relates a conversation in August of 1950 between the then Indian Ambassador to Peking, K. M. Pannikar, and Gen. Nieh Jungchen, acting chief of staff of the Peoples Army. Pannikar told Nieh that America had the power to destroy China's industry and set the country back at least half a century. Nieh replied:

"We have calculated all that . . . They may even drop atom bombs on us. What then? They may kill a few million people. Without sacrifice a nation's independence cannot be upheld . . . After all, China lives on the farms. What can atom bombs do there?"

New Delhi passed the warning on to Wash-

ington where it was largely discounted. Gen. Douglas MacArthur, in command in Korea, based the continuing advance of his forces to the Yalu on what the author calls "one of the most egregiously wrong strategic intelligence estimates in history."

Premier Chou En-lai had said publicly that if American-United Nations forces crossed Korea's 38th parallel China would come in. This was put down to propaganda and bluff. Today Chou and Mao say that an American invasion of North Vietnam will bring China into the war. Pressure for that invasion persists both here and in Saigon despite assertions by the highest military and civilian authority that it will not occur. And when it comes to the consequences of nuclear attack, Mao has raised the stakes many times over, saying that China could take not several million but several hundred million casualties and still recover.

General Griffith also translated an ancient Chinese classic by Sun Tzu, *"The Art of War,"* that is said to have greatly influenced Mao. Had American leaders been familiar with the classic works which have governed the Chinese conduct of war they might not have fallen into such a fog of self-deception as in Korea when the massive Chinese invasion sent American armies reeling with heavy losses. He quotes Sun Tzu as follows: "All warfare is based on deception. Therefore, when capable, feign incapacity, when active, inactivity. When near, make it appear that you are far away; when far away, that you are near."

The circumstances are quite different in North Vietnam than they were in North Korea, both strategically and psychologically, as they are in the China of 1967 as against the China of 1950. Yet as a recent British visitor to Washington with a long background in China put it after a brief stay in Canton this spring: "They are so utterly divided and disorganized that they are capable of an act of incredible folly." It would seem the smallest part of wisdom to try to avoid inviting that folly.

[From the Washington Post, May 9, 1964]

A COMMUNICATION

(By C. A. Willoughby, Major General, USA (Ret.))

Recent isolated editorials and fragments of daily columns unwittingly perpetuate a "malicious hoax" which is damaging to General MacArthur and the Eighth U.S. Army and represent a complete historical falsehood.

Like a Wagnerian "Leitmotif" certain myths are apparently kept alive, over the years, in endless repetitions, viz:

On Intelligence: ". . . The War in Korea demonstrated anew his (MacArthur's) great talent as field commander. He was ill served by his own intelligence forces and compelled to conduct a hazardous retreat back to the 38th Parallel when Chinese "volunteers" poured in upon the U.N. Forces . . ."

Faulty intelligence, as alleged, did not force the Eighth Army to retreat. The enormous build-up of Chinese forces was known to both Washington and Tokyo, from 33 Red divisions (1950) to 73 Red divisions (1951).

MacArthur prudently retreated, in the face of overwhelming numbers, to stronger positions, with 8 American divisions, to gain space to bomb and delay the Chinese hordes which he was prohibited to do beyond the Yalu.

A discrepancy between 8 American divisions, the hard core of the U.N. assembly, and 33–73 Red divisions is a ratio of roughly 1 to 4 and/or 1 to 9. Eisenhower (in France) or Clark (in Italy) would not dream of risking such a discrepancy in any of their campaigns, and such adverse ratios are unheard of in modern war. The American G.I. is very good indeed—but he is no superman.

ON MACARTHUR

On MacArthur: ". . . The J.C.S flashed back a warning to MacArthur by Telecon Message TT 3848 Oct. 4/50: The potential exists for Chinese Communist forces to openly intervene in the Korean War if U.N. forces cross the 38th Parallel." General MacArthur (allegedly) "ignored the warning and pushed on to the Yalu . . ."

The impression created by this "juicy item" is a cynical perversion of facts. It reads as if MacArthur had crossed the 38th Parallel en route to the Yalu, as a willful, personal act when in fact he advanced on U.N. and Defense Department orders.

On Oct. 6th, The United Nations General Assembly voted explicit approval for the crossing of the 38th Parallel, to exploit MacArthur's smashing defeat of the North Korean Communist army. The U.N. decision was then spelled out in detailed orders by the Pentagon: ". . . The destruction of the North Korean armed forces . . . To conduct military operations North of the 38th Parallel . . . U.N. Forces not to cross the Manchurian or U.S.S.R. borders . . . No non-Korean ground forces will be used (in these areas) . . ."

And then the cloven: ". . . Support of your operations will not include air or naval action against Manchuria (we were at war with China!) or against U.S.S.R. territory (a red-herring, since we were not at war with Russia! . . ."

"ALLEGED WARNING"

As regards "alleged warnings" etc., both Washington and Tokyo were in daily touch for the exchange of current information. Both sides knew precisely what to expect. Tokyo issued a "Daily Intelligence Summary," a sort of military newspaper that was distributed daily to all commanders and staffs. That means thirty separate reports per month. In a limited space, I only list a few condensed highlights and leave it to the average reader to draw his own conclusions, viz.:

June 6: Red China can deploy considerable strength to assist the Red North Koreans. Manchurian estimates: 115,000 regulars and 374,000 militia.

July 8: Chinese troops have arrived in the Antung-Yalu area.

Aug. 15: The build-up of Chinese Communist forces in Manchuria is continuing. China has agreed to furnish military assistance to North Korea.

Aug. 27: High level meeting in Peking. Chinese ordered to assist North Korea. Lin Piao (Fourth Field Army) to) command Chinese forces. Indo-China to be invaded. Liu Po-Cheng (Second Field Army) to command (in that area). Soviet officer designated to command combined forces.

Aug. 31: Troop movements from Central China to Manchuria (considered preliminary to enter the Korean theater. Manchuria estimates: 246,000 regulars (and increase) and 374,000 militia.

Sept. 8: If success of the North Korean Red army doubtful, the Fourth Chinese Field Army, (under General Lin Piao) will probably be committed.

Oct. 5: All intelligence agencies focus on the Yalu and the movements of Lin Piao. The massing at Antung and other Yalu crossings appear conclusive. This mass comprises 9/18 divisions organized in 3/9 corps.

Oct. 14: The fine line of demarcation between "enemy intentions" (Peking) and "enemy capabilities" (along the Yalu), to be ascertained in diplomatic channels, the State Dept. and/or C.I.A., and beyond the purview of local, combat intelligence. (As regards enemy capabilities) the numerical troop potential in Manchuria is a fait accompli: A total of 24 Red divisions are disposed along the Yalu, at crossing points.

Oct. 28: Regular Chinese forces in Manchuria now number 316,000 (an increase) organized into 34 divisions and 12 corps (Map A–3 att.). The bulk of these forces are in position along the Yalu River. They assembled in complete safety since MacArthur's air force are forbidden to cross the border.

"LEAKING" IS NOTED

Indicative of the implacable hostility of certain segments of the Pentagon, certain private channels are "leaking" J.C.S. messages etc. that are obviously fragmentary and out of context. The result is a calculated distortion of history viz:

Against the background of the Oct. 14th item (enemy intentions) MacArthur is quoted (out of context) as "advising the J.C.S. against hasty conclusions 'that the Chinese' would employ their full potential military forces" (Nov. 4).

Washington had been fully "advised" of the Red potential (and for many weeks). The point here is that the J.C.S. did nothing about it. They did much worse: They created a "sanctuary" along the Yalu, permitting 33 Red divisions to leisurely pitch their tents along the river, from August to November.

On Nov. 5th, within 24 hours, MacArthur ordered the bombing of the Yalu bridges (under technical restrictions), but true to form, the J.C.S. are reported "as not understanding this action" etc. They thus maneuvered MacArthur into a strategic "impasse"; His eight (8) battered divisions were to take on 3- to 9-times the number of Red divisions, evidently hoping for a tactical miracle. They did not place any such burden on Eisenhower in France, Germany or Italy.

General Collins was dispatched to Tokyo—to investigate—as if Washington had not been aware, for months, the Chinese in Manchuria.

COMMENT BY COLLINS

Collins is reported as commenting "on MacArthur's emotional state." He could have done something infinitely more constructive: He could have drawn certain inescapable strategic conclusions and passed them on to his coconspirators in Washington, viz:

1. That Red China was at war with the United States.
2. The discrepancy in divisional totals (1–3 and soon 1–9) placed an intolerable and risky burden on the American forces.
3. No such discrepancies were permitted in the European Theater.
4. The employment of Chiang Kai-shek's forces.
5. All-out aerial bombing against Manchurian bases.
6. This would have certainly slowed down the Chinese hordes.
7. All-out U.S. carrier strikes against the flanks of the Chinese, from Antung to Shanghai.
8. Once a full-scale war starts, there is no substitute for victory.

HALF FARES FOR SENIOR CITIZENS—ANOTHER WAY OF PROVIDING JUSTICE FOR SENIOR CITIZENS

The SPEAKER pro tempore. Under a previous order of the House the gentleman from New York (Mr. FARBSTEIN) is recognized for 20 minutes.

Mr. FARBSTEIN. Mr. Speaker, I have today introduced H.R. 17744, a bill to provide senior citizens with half fare rates on all public transportation in the United States, including airplanes, trains, buses, and all local transportation during nonpeak hours.

Senior citizens are physically less mobile and thus need public transportation more than other age groups; yet they are also less economically able to afford such transportation. The result is that many senior citizens are forced to forego a richer life because they cannot afford such transportation.

This legislation would provide half

fares in a manner similar to the airlines youth fares, except that elderly persons would be able to reserve their seats in advance.

Half fare rates during nonpeak periods would enable senior citizens to escape the loneliness of exile in one's own home and permit them to get away from their daily routine once in a while, and visit friends or recreational facilities away from their homes. It would also enable underutilized transportation facilities to increase the number of passengers they carry and thus increase revenue. In spite of the fact that it would be best for them, as well as the senior citizens, most transportation companies have refused to adopt half-fare rates.

This is but one of many examples of the lack of concern demonstrated by large sectors of society toward our elderly persons. There is a lot of talk about the silent majority. Well, I believe our senior citizens are the forgotten majority. Their problems go unheeded, or if they are talked about, it is only in piecemeal terms.

As a Member of Congress, I have placed a very high priority on securing justice for senior citizens. I have introduced, and have been fighting to obtain the enactment of legislation to provide a sizable increase in social security benefits, to secure a minimum monthly benefit of $120 for an individual and $180 for a married couple, and to obtain automatic increases in benefits to compensate for any increase in the cost of living.

I have also introduced legislation to make other badly needed reforms in the system, including elimination of the limitation on earnings for social security recipients, elimination of the current practice of deducting from veterans and other Government pensions any increase an individual receives from social security, extension of eligibility under the Prouty amendment to retired teachers, and the extension of medicare to include other badly needed services such as prescription drugs and home maintenance worker services.

I am pleased that the social security bill passed today by the House of Representatives provides reforms in a number of these areas, and that my efforts may have in part contributed to what is in the bill. But I must admit that I am not totally satisfied with the bill. It provides a 5-percent increase in benefits. I believe this is totally inadequate. What is needed is a 35-percent increase. Nor is a minimum payment established. The bill provides for an increase in the limit on earnings. I believe the limitation should be abolished altogether or raised far above the limit provided in the bill. The bill also provides for the inclusion of new services under medicare but leaves out home maintenance workers services or prescription drugs.

I am particularly pleased that the bill, as passed, included an automatic cost of living provision. This is something I voted for and have long advocated.

Mr. Speaker, I intend to continue fighting until the Congress passes legislation that will do justice to our senior citizens.

The text of the Senior Citizens Transportation Act of 1970 follows:

H.R. 17744

A bill to prohibit common carriers in interstate commerce from charging elderly people more than half fare for their transportation during nonpeak periods of travel, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, this Act may be cited as the "Senior Citizens' Transportation Act of 1970".

TRANSPORTATION IN INTERSTATE COMMERCE

SEC. 2. (a) Notwithstanding any other provision of law, no common carrier for hire transporting persons in interstate commerce shall, during nonpeak periods of travel, charge any eligible elderly person more than half the published tariff charged the general public in connection with any transportation which is requested by any such person.

(b) In any case in which a common carrier can show that it incurred an economic loss during any calendar year solely because of the requirement imposed by subsection (a), such carrier may apply to the head of the Federal agency having jurisdiction over the filing and publishing of the tariffs of such carrier for Federal financial assistance with respect to all or part of such economic loss. The head of any such Federal agency is authorized to pay to any such carrier (1) an amount not exceeding one-half the difference between the published tariff and the tariff charged elderly persons during the calendar year covered by the carrier's application, or (2) an amount not exceeding the aggregate of the economic loss of the carrier claimed under such application, whichever is less.

(c) The head of each such Federal agency is authorized to prescribe such regulations as he may deem necessary to carry out the provisions of this section, including but not limited to the defining of nonpeak periods of travel and regulations requiring uniform accounting procedures.

(d) The head of each such Federal agency is authorized to establish a commission of elderly persons to advise him in carrying out the provisions of this section.

(e) As used in this section, the term "eligible elderly person" means any individual sixty-five years of age or older, who is not employed full time.

TRANSPORTATION IN INTRASTATE COMMERCE

SEC. 3. Section 3 of the Urban Mass Transportation Act of 1964 is amended by adding at the end thereof the following new subsection:

"(d) In providing financial assistance under this Act, the Secretary shall give preference to applications made by States and local public bodies and agencies thereof which will adopt (or require the adoption of) specially reduced rates during nonrush hours for any elderly person in the operation of the facilities and equipment financed with such assistance, whether the operation of such facilities and equipment is by the applicant or is by another entity under lease or otherwise. As used in this subsection, the term 'elderly person' means any individual sixty-five years of age or older."

ALABAMA'S ALLGOOD

(Mr. BEVILL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BEVILL. Mr. Speaker, occasionally we in America are blessed with the services of men, who, by their vision, hard work, and love of country, leave a valuable legacy for future generations. Such a man is Miles C. Allgood, the most distinguished former Congressman of Mentone, Ala.

Often, Mr. Speaker, we tend to forget the work of dedicated public servants. I think it is good for us to stop from time to time and say thank you to these individuals.

I would like to insert in the RECORD at this time a letter written by Mr. J. Frank Machen, of Mentone. This letter appeared recently in the Voice of the People columns of the Birmingham News and spotlights the outstanding career of my good friend, the Honorable Miles C. Allgood. I hope every Member will take the time to read this interesting letter about a great American:

ALABAMA'S ALLGOOD

We have a great man among us.

Congressman Miles C. Allgood has returned to his home in this mountain village after spending the winter in the Southwest.

This remarkable man, now in his physically active and mentally alert nineties, reminds one favorably of Mr. Chief Justice Holmes, who kept up an energetic life and a voluminous correspondence far into his nineties.

He calls to mind the Roman, Cato, who as Cicero reminds us, learned to read Greek after he was ninety so as to enjoy the classics in their original language.

Congressman Allgood is one of Alabama's historically great men.

The public memory is short and needs an occasional jogging.

As representative to the United States Congress from this district for many years, Mr. Allgood is the man who first got President Roosevelt interested in coming to Alabama to see the possibilities of what is now the Tennessee Valley Authority.

He rode with the president in his private car, pointing out the potential spots for developing hydro-electric power, which has brought prosperity to this whole region.

In future histories it will be pointed out that by creating TVA in this area, Congressman Allgood did more than any other man to introduce and develop hydro-electric power to America. He was chairman of the committee which provided for the great Boulder Dam. Also, he made the speech on the site of the present Boulder Dam that turned the tide of committee opinion in favor of its construction.

Not only by his good works but also by his long and eventful life, Congressman Allgood has proven himself to be a heroic man.

We should be reminded occasionally—in The Hon. Miles C. Allgood, M. C., we have a great man among us!

J. FRANK MACHEN.

MENTONE.

WORLD RESOURCES SIMULATION CENTER

(Mr. PRICE of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE of Illinois. Mr. Speaker, decisionmaking to utilize resources for the betterment of our people and of people in other lands entered a new era with the advent of satellites and computers. Satellites which gather information on natural and manmade resources combined with computers which store and integrate this data for countrywide and worldwide peaceful development, provide the opportunity to make the United States and the world work better for human inhabitants.

My bill which I introduced on May 6, H.R. 17467, authorizes the National Aero-

nautics and Space Administration to make grants for the construction and operation of a World Resources Simulation Center to make available to Federal, State, and local agencies and to private persons, organizations, and institutions such information, which they will find valuable and useful in their planning and decisionmaking.

Significantly advanced comprehensive information gathering by satellite and human intelligence, well coordinated by computer and displayed visually for study, is a chief aim of this legislation.

The association at one computer center of pertinent satellite-obtained information with statistics and other data already available through Government and private sources, and its intermix and visual presentation to decisionmaking Government leaders in the executive and legislative branches, Federal, State, and local, will permit more intelligent use of national and world resources.

Dissemination, study, and use of this information by industry, commerce, labor and individuals, as well as by educational, health, conservation, and civic organizations, is contemplated as a contribution to a healthier society. University, college, and school work already begun in this field will receive strong impetus and strengthen constructive approaches to improving mankind's status, at the same time providing further evidence of U.S. dedication to peaceful resolution of world ills.

The natural, physical, and human resource data thus made available, will expand the decisionmakers' awareness of all possible alternatives for resource utilization, and can lead to better solutions and clearer directions in achieving national goals.

The spectacular achievement of sending human beings on manmade satellites to circle the earth's moon satellite and twice placing these humans on the moon, required a scientific development and a coordination and deployment of men and machines, with a dependence on computer technology on a worldwide scale of incalculable proportions. The National Aeronautics and Space Administration has demonstrated that many contributions of immense value to our improved health and well-being flow from the Nation's space program. One of these benefits now possible for the first time is establishment of the World Resources Simulation Center, as contemplated in this legislation.

Such problems afflicting our society today as the alarming increase in pollution of our air, water, and soil; shortages of food and housing; urban decay and inadequate mass transit facilities all require more concentrated and comprehensive attention, as we earnestly seek workable solutions. The program contemplated in H.R. 17467 will significantly contribute to such progress without in any way adding another Government department to accomplish tasks already assigned. Rather H.R. 17467 will enable agencies, both public and private, now engaged in these endeavors, to have at their disposal a new and productive information tool, which will help them gain clearer insight and make more competent judgment to accomplish their worthwhile purposes. It is my belief and conviction that this legislation and its implementation through the National Aeronautics and Space Administration will provide a dynamic and positive force giving new direction and impetus to our national aim of finding workable answers to many ills disturbing our economy today.

Efforts in this direction by such a distinguished man as Buckminster Fuller, who has prepared basic data on world resources development, have now proliferated at many educational institutions. This program, known as World Game, which constitutes an initial test operating program for the World Resources Simulation Center, shows signs of becoming a new teaching tool of significant proportion.

It is self evident that young people in every State in the Union are groping for new direction in this troubled world, and I am happy to report that on their own volition students and teachers are already engaged in the World Game and resource simulations which H.R. 17467 envisions on a comprehensive scale.

World Resource Simulation Seminars have been conducted with full documentation in New York and Illinois, and are now spreading to colleges and universities in California, Washington, Massachusetts, Minnesota, Ohio, Kansas, Connecticut, and other States, as well as Edmonton and Montreal, Canada, and Oxford, England.

That space technology can contribute not only to a better understanding of the universe, but to the betterment of mankind on spaceship earth, has long been felt. Now this possibility can become a reality. This is my purpose in introducing this legislation.

At this point in the RECORD, I ask unanimous consent to include the following material which is supplemental to the purposes of H.R. 17467.

The following is taken from an article in the Reader's Digest, November 1969, entitled "Meet Bucky Fuller, Ambassador From Tomorrow" by Fred Warshofsky:

Even the most rebellious students find a dynamism and understanding in Buckminster Fuller that they don't expect from anyone on the far side of 30. They are set afire by his current crusade, which, simply stated, is to use the science of design to reform our environment—but in accordance with nature's laws and not man's. The age-old assumption that political reform can bring about peace and plenty is fallacious, he contends. At the root of our troubles is the Malthusian and Darwinian assumption that there is not enough in the world to go around—not enough for even a majority of mankind to survive more than half of its potential life-span. This "you or me to the death" situation leads to showdown by arms. An alternative to politics—the design science revolution—alone can solve the problem.

To demonstrate this idea, Fuller is currently trying to involve the world's leading thinkers and as many students as possible in a Fuller creation called World Game. The goal of World Game is to "predict in advance, and solve before eruption, potential problems associated with world resources and bearing on human poverty and suffering."

This can be done, Fuller believes, by discarding assumptions that there is not enough to go around, and adopting Fullerian theories that we can do more with less. This is to be achieved, says Fuller, by upping the performance per each unit of invested world resources until so much more is accomplished with so much less that a high standard of living will be effected for all humanity. Fuller cites the communications satellite: weighing only a quarter of a ton, it now outperforms the communications capabilities of 150,000 tons of transoceanic cable.

Students and scientists all over the world are now playing World Game. This past summer, typically, after three days of lectures by Fuller on his views of the universe, 22 students spent their vacation in New York City determining a way to provide 2000 kilowatts of power per year to every man, woman and child on earth. The goal was determined when, after developing an inventory of the world's resources, it became obvious to the group that power was the key to making the world work for man. Where enough energy was available, hunger was banished and industry boomed.

The group's "solution" called for a world grid of hydroelectric power. The reasons: water to turn the generators is available in many of the low-power areas of the world; and hydroelectricity has no by-products to pollute the earth.

Eventually, World Game will be computerized so that the hundreds of different possible solutions to the world's problems can be delineated.

The following is taken from an article in the Saturday Review cover story, May 2, 1970, entitled "Inside Buckminster Fuller's Universe" by Harold Taylor:

The objective of the World Game is to work out ways of how to make humanity a continuing success at the earliest possible moment—in other words, how to make the world work.

Fuller started a pilot project for the game last summer at the New York Studio School of Painting and Sculpture with twenty-six students from physics, biology, art, architecture, and anthropology in a six-week session, during which he spent two weeks talking about his ideas. The main body of work was done in student research projects on contemporary social and cultural trends, using films, libraries, United Nations documents, and government reports in order to compile specific data about the whole Earth. For example, exact information was assembled on world population growth, the sources and extent of physical energy in the world, the uses of atomic energy as fuel for industrial production, and the amount of protein and food substances to keep the whole world alive at a high level of nourishment. Particular kinds of questions were asked about world trends and facts relevant to preserving the environment, such as how much copper, aluminum, and steel are involved in food production, what the world per capita consumption of fibers is, how much gasoline was burned by cars last year, what are the essentials a country must have in order to industrialize.

Answers to questions such as these became necessary to play the World Game, and the need for investigation of new questions and the invention of new questions and the invention of the questions themselves sprang from the fact that the students, individually and in teams, were out to solve practical world problems, one of which was how to feed the entire world at what the students called a "bare maximum."

Fuller's long-run plan for the project is to have students in universities around the world work at the problems in teams, exchanging ideas and information from country to country, and making proposals based on their studies to the United Nations and the leadership of their own and other countries. To this international information network will be added new information fed into computers from satellite scanners, which, as Fuller points out, are not only collecting shared information about weather trends on a whole-Earth scale, but are inadvertently telephotoing the whereabouts and number of beef cattle around the surface of the en-

tire Earth, along with the exact condition of the world's crops at each season of the year.

The students in the Studio School World Game worked out preliminary solutions (scenarios) for satisfying what they considered to be the two most vital needs of the world population, electrical energy and food supply, and then went on to preliminary studies of world housing needs, medicine, income, communications, and transportation. They ended the six weeks with presentations of their findings in charts, drawings, graphs, and written statements, having made, in the course of working together, a chart four feet high and sixty feet long around the game room to present some of their basic data for use as they went along.

Each of the students has continued to work on the World Game after returning to his home campus; some are teaching it to others, some are making plans to include it in social science courses as a basic part of the curriculum.

"THE OLD PRO"—A TRIBUTE TO ROCHESTER, N.Y., SPORTSWRITER AL WEBER

(Mr. HORTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HORTON. Mr. Speaker, when we seek the real value of a man, we always look for the mark he has left. We look at what he has said and his influence on others.

For 40 years Al Weber has been leaving an indelible mark on the people of my 36th Congressional District in New York State. For 40 years Al Weber has covered the sports scene with a style as fresh and sparkling as the day he started.

In his inaugural address on the Capitol steps on January 20, 1970, President Nixon said "Greatness comes in simple trappings."

Al Weber exemplifies these words. His strength is in his words and through them he has had tremendous influence on thousands of young people through the years.

Al does not write for effect. He tells it like it really is. He writes in clear, concise English. There are no flowery adjectives or dangling participles.

When you read a game report or a column by Al Weber, you come away with the feeling that you, too, were really there.

As the former president of the Rochester Red Wings, an International League baseball club and the largest community owned team in the country, I work with Al and came to know him as a close personal friend.

I would like to share with you an article written by a fellow sportswriter of Al's in hopes that you can know him a little better, too. This article by Ralph Hyman, executive editor of the Rochester Times Union, appeared in the first issue this year of "Winging It," the official newsletter of the Red Wings. This newsletter is sent to the more than 8,000 stockholders of the Red Wings as a public service by IMPCO, a Rochester firm dedicated to boosting our local team:

THE OLD PRO

(By Ralph Hyman)

In the newspaper game, we've got a name for Al Weber: "the Old Pro."

Some years ago—I think it was in 1955 in Milwaukee—I was standing around the batting cage at the All-Star Game, interviewing Red Schoendienst.

All of a sudden, Schoendienst excused himself. "Ted Williams is taking batting practice now. I never miss an opportunity to watch him."

All conversation stopped, while Red studied the artful swing of the great Williams.

It's like that with Weber. When we don't know—rookies or veterans alike—we ask Al.

If it's a question about sports, especially baseball, he knows the answer or where to get it. And if it's something to do with newspaper technique, he can lend the expertise of four decades of experience tempered by inherent good judgment.

Weber's from the "old school"—never went to college; in fact, never finished high school. After putting in a few innings at St. Michael's and East High, he went to work at The Times-Union and stayed. You might say he found a home!

Baseball is Weber's "bag." In his pictorial history of professional baseball in Rochester, *The Red Wings—A Love Story*, John L. Remington saluted the dean of sports writers: ". . . for four decades, Al has traveled through thick and thin with the Red Wings. Today, his sparkling prose seems just as fresh as the day he started. Weber and the Red Wings go together like hot dogs and mustard."

Weber does not write for effect. He tells it like it really is—clearly, sharply, with few adjectives and no dangling participles. He is a grammarian without really trying!

He's been covering spring training right from the beginning. He and Joe Adams, then writing baseball for the Democrat & Chronicle, drove to the first Red Wing camp together in 1931 at Greensboro, N.C.

"I'll never forget that year," Weber has reminisced. "George Sisler, Jr.'s father played with us. The young ballplayers would gather 'round in the hotel lobby evenings to hear his tales of the big leagues. It was like a grandfather telling his grandchildren what it was like way back when."

Weber isn't one for rattling off "the greatest" this and that. But one of his all-time favorite teams was the Red Wings of 1930, one of four straight pennant winners.

The magnetic Billy Southworth was the manager. Second baseman George (Specs) Toporcer was chosen for the second straight year as the International League's Most Valuable Player, despite the fact that James (Rip) Collins hit .376, 40 homers, and 180 (that's no typo!) runs batted in . . . nine in one game!

Southworth, who played and managed, hit .370. Red Worthington hit .375. Pepper Martin, who thrilled fans with his belly skids on the basepaths, hit .363; Ray Pepper .347; Toporcer, .317; and third baseman Joe Brown, .313.

Paul Derringer was the top pitcher, with 23 wins.

Weber is high on several managers: among them, Southworth, Harry (The Hat) Walker, and Earl (Bucky) Weaver. But "his kind" of manager was the late Johnny Keane, a prince among men, a brilliant strategist.

Keane's 1950 champion breezed to the flag, beating Montreal by seven games. They had four league leaders that year—Russ Derry hit 30 homers and drove in 102 runs; Don Richmond hit .333; and Tom Poholsky scored 18 pitching victories. One of Poholsky's victories was an epic 22-inning struggle in which he bested Jersey City, 3–2.

Nor will Weber ever forget the '52 Wings, managed by Harry, The Hat, and who beat Kansas City in the Little World Series. The star was relief pitcher Jack Crimian. The gutsy righthander shut the gates on Kansas City in almost every game as the Wings, down three games to one, came back to wrap up the title in three straight.

In '53, the Wings won the pennant under Walker with an amazing 27 victories in the final 29 games.

Weber classifies the '66 flag, under Weaver, as the "most unexpected."

"He did it with a bunch of kids who were coming up together: Mike Epstein, Mark Belanger, Mike Fiore, Tommy Phoebus. . . ."

The intriguing part of baseball, to Weber, is "its continuity."

"Day after day . . . it's like a novel unfolding. You never know how it's going to turn out."

LETTER TO NIXON: ONE CALIFORNIA QUAKER WRITES TO ANOTHER

(Mr. LEGGETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. LEGGETT. Mr. Speaker, the Davis, Calif., Friends' Meeting has written a letter to Quaker President Richard Nixon which seems to me to give us all food for thought.

There is no way to peace—peace is the way.

Their conclusion is especially pertinent these days when our society is being torn down the middle.

I include the letter in the RECORD:

DAVIS, CALIF.,
May 11, 1970.

DEAR RICHARD NIXON: To express our concern we turn to the words of George Fox, early Quaker, for we are "forced in tender love to your soul, to write to you and to beseech you to consider what you do, and what the commands of God call for. He doth require justice and mercy, to break every yoke and to let the oppressed go free."

Our dreams and hopes have been for a peaceful and loving world in which all men and brothers. In reality we see our brothers slain, and we who remain are torn with anguish. We feel that the democratic process is threatened, that we are out of touch with our leaders, that those leading the nation into war have lost sight of the Asians as people, our brothers.

We are unable to meet our responsibilities as parents, teachers, friends. We feel impelled to disrupt our lives, called upon to act in ways we had never anticipated would be required of us.

George Fox knew "from whence all wars arise" but he said "I live in the virtue of that life and power which takes away the occasion of war."

We implore you to come to the realization that the present course upon which you have embarked is committed to the destruction of human life. Indeed the focus of our lives should be "to come into the covenant of peace."

There is no way to peace—peace is the way.

THE DAVIS MEETING.

THE BLOODBATH IS NO ANSWER

(Mr. LEGGETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. LEGGETT. Mr. Speaker, the recent tragic events in Augusta, Jackson, and at Kent State have demonstrated that we cannot conduct a brutal foreign policy without eventually turning the brutality in upon ourselves.

We have seen young Americans acting under color of law, gun down other young Americans with savage and almost random volleys of rifle fire.

Mr. Speaker, this must not happen again. There are other ways of settling

our differences, there are better ways of controlling and dispersing crowds, and we had better begin to avail ourselves of them. We are now finding the police of Europe, of Japan, and of Hong Kong regarding our police and National Guard in amazement and horror.

This is intolerable.

A recent editorial in one of my district's outstanding newspapers, the Willows Daily Journal, discusses this problem in its usual perceptive and penetrating fashion. I insert the editorial in the RECORD at this point:

THE BLOODBATH IS NO ANSWER

The "confrontation"—the "bloodbath"—has taken place, and President Nixon must be convinced it will not curb dissent about the Vietnam war, just as Governor Reagan must be convinced it will not restore order on the campus. In fact, as was to have been expected, the reverse is true.

It can be argued, and with considerable logic, that after all, Kent State students and "street youths" started the riot and they used force, reportedly hurling rocks the size of billiard balls at National Guardsmen they had surrounded. It can be argued that, unfortunate as was the incident, the demonstrators asked for what they got: four youths killed, 10 wounded.

Yet, even if at least one of the student victims, a girl, had not been involved in the rioting and opposed to it, few Americans could have stomached the scene of armed men on campus discharging a fusillade of lethal shots into a mass of students, no matter how great the provocation.

Furthermore, it must be apparent even to Governor Reagan who rode into office on a platform to reduce crime and violence, that a "bloodbath," whether he meant that unfortunate term literally or figuratively, is not only no answer; it compounds the problem.

Doesn't it seem obvious that thousands upon thousands of students who a year ago refused to join the revolutionaries are today taking enthusiastic part in the riots, simply because undue force by police and guardsmen have stirred their emotions and subdued their reason?

This is not to suggest that the campuses should be abandoned to the revolutionaries; that rioting, burning, destroying and plundering should continue by default. It should be met with force—but not with guns; not with loaded guns.

Riots such as those which have occurred recently are new to American campuses. They are an old story in other nations throughout the world.

A United Press International report states that European police "use everything from water cannon and police dogs to nausea gas but rarely employ firearms, much less bayonets, in controlling riots." They "long have sprayed demonstrators with water cannon, frequently with the water dyed to help track down the participants later. Tear gas and night sticks are a last resort."

The report says the Japanese riot police have developed "perhaps the most sophisticated form of riot control." They "emphasize restraint, patience and psychology in dealing with some of the most intense student disorders in the world.

"Police move in on rioters together and at a fast trot so the demonstrators are almost always outnumbered and hemmed in.

"The nucleus of Tokyo's riot control unit is a 3,200-man group that trains daily in riot control. A favorite tactic is to move back and forth through a crowd to break it up into small segments. Riot police carry huge metal shields and are experts in use of tear gas and water cannon. If necessary, Tokyo can mobilize 200,000 policemen to deal with a riot. A usual tactic is to deploy police in a defensive position until the students get tired of fighting."

From every indication, U.S. campuses face a long period of rioting, deplorable though the prospect may be. Shouldn't attention be paid to establishing large groups of specially trained police to deal with the rioting students and street people? Shooting, killing provide no answer. They act, rather, as a catalyst, pushing non-violent students into the arms of the revolutionaries and causing far greater disruption, destruction and bloodshed.

The problem, of course, will fall far short of being met by police alone no matter how well-trained and effective.

As Secretary of the Interior Walter J. Hickel pointed out the other day, the nation's leaders, and especially President Nixon, must make a major effort to communicate with the vast majority of students who are not revolutionaries but are joining them in greater numbers through frustration and resentment. The nation cannot long remain strong and constructive with two Americas of adults and youths, any more than with two Americas of white and colored.

VIETNAM CREATES AN INTERNAL BRAIN DRAIN

(Mr. LEGGETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. LEGGETT. Mr. Speaker, for years we have been aware that our foreign policy has been depriving us of some of our best young blood. Six or 8 years ago the brightest young college graduates were flocking to the Peace Corps, to the Foreign Service, and to other Government departments. They do not do this any more. Nowadays a large proportion feel they cannot in good conscience have anything to do with the U.S. Government, with the exceptions of antipoverty efforts and those congressional offices that are working to change national priorities.

But this alienation is not confined to the young. A recent article in the Los Angeles Times reports that 12 of Harvard's most eminent scientists, men who have frequently served as government consultants in the past, have informed their former colleague Henry Kissinger that they will no longer work with any branch of the executive department.

The President speaks of the need to avoid humiliation. In whose eyes, Mr. Speaker? We have seen the Cambodian invasion create protest and outcry from the people and the governments of most of the advanced countries of the world. Now we find our most eminent citizens declaring that their consciences do not permit them to serve the executive branch of their own government. Is this not far greater humiliation than anything we could incur by admitting our mistakes?

I insert the article from the May 9, 1970, Los Angeles Times in the RECORD at this point:

TWELVE HARVARD CONSULTANTS BREAK WITH KISSINGER—ANGRY OVER MOVE INTO CAMBODIA, GROUP PLANS TO SEEK STRONGER ROLE BY CONGRESS

(By Don Irwin)

WASHINGTON.—Incensed by the U.S. Cambodian operation, 12 former Harvard colleagues advised presidential assistant Henry A. Kissinger Friday that they would no longer work with the executive branch of government.

At a luncheon described as "painful," they told President Nixon's assistant for national security affairs that they were concerned that executive prerogatives had swamped those of the legislative branch and felt they should work to strengthen the hand of Congress.

Kissinger, who has called on members of the group to serve as consultants on special projects since he left Harvard to join the White House staff, promised to pass on to Mr. Nixon the message of the meeting.

NOT UNEXPECTED

Bitter as the message was for Kissinger, it was hardly unexpected. He is known to be dismayed by a steady deterioration of his relations with the academic community, where he built a distinguished career before he came to Washington.

"I'm not only a friend of Henry's, I remain an admirer and found this a very painful encounter," said Ernest R. May, dean of Harvard College, one of the group who has handled consultants' assignments for Kissinger.

Asked if Kissinger had been notified specificially that no one in the group would henceforth work for the executive branch, May replied: "I assume severance follows but it was not said directly; it was a painful lunch."

"We told him," May said, "first, that we could not comprehend the President's decision on Cambodia. It seemed almost as if the President hadn't known Cambodia was a country. To us the decision made sense only in such a narrow context that it was irrational.

"And it took no account of the role the public and Congress play in defining the national interest.

"We also told him that nearly all of us had been very strong believers in presidential prerogatives Most of us have worked inside government and have felt that the best role we could play was to give responsible advice confidentially to the executive branch

"Now we feel a lack of confidence in the executive branch. We feel the balance now needs to be tipped to the legislative branch."

Before they saw Kissinger the Harvard group visited on Capitol Hill with four senators who have been critical of the Cambodian venture: Sen. Mike Mansfield (D-Mont.), the majority leader, and Sens. Edward M. Kennedy (D-Mass.), Edward W. Brooke (R-Mass.) and Clifford P. Case (R-N.J.).

FORMER CONSULTANTS

The group included men who have served as government consultants since the Truman administration.

The other members were: George Kistiakowski, science adviser to President Dwight D. Eisenhower; Konrad Bloch, a Nobel Prize winner in biochemistry; Frank Westheimer, a member of President Lyndon B. Johnson's Science Advisory Council; William Capron, economist and assistant budget director in the Johnson administration; Thomas C. Schelling, economist and frequent adviser to both the State and Defense departments; Francis Bator, economist and deputy White House assistant for national security affairs in the Johnson administration; Adam Yarmolinsky, a lawyer and deputy assistant for national security affairs under President John F. Kennedy; Gerald Holton, physicist; Michael Walzer, political scientist, and Seymour Martin Lipset, sociologist.

G.I. CONDEMNS WAR FROM GRAVE

(Mr. LEGGETT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. LEGGETT. Mr. Speaker, one frequently hears it said on the floor of this

body that our men in Vietnam support our presence in Vietnam, that they were itching to go into Cambodia and clean out the "sanctuaries," and that most of them would like nothing better than to push north to Hanoi or even Peking.

Those Members who believe this to be the case must select their GI's very carefully indeed. They certainly have not talked with the GI's I have talked with.

Today's Washington Post carries a story about a letter written by a 19-year-old Army medical corpsman and left with his parents to be opened in the event of his death. He was killed in Cambodia last week.

The letter says, in part:

The question is whether or not my death has been in vain. My answer is yes . . . The war that has taken my life and many thousands before me is immoral, unlawful, and an atrocity unlike any misfit of good sense and judgment known to man. I had no choice as to my fate. . . . As I lie dead, please grant my last request. Help me inform the American people, the silent majority who who have not yet voiced their opinions.

Mr. Speaker, how many more 19-year-olds are we going to send to their deaths before we in Washington gain the courage to face up to our mistakes?

I insert the article from the Washington Post of May 19, 1970, in the RECORD at this point:

LAST LETTER OF DEAD GI HITS WAR

SALAMANCA, N.Y.—"If you are reading this letter, you will never see me again . . . if you are reading this, I have died."

Army Spec. 4 Keith K. Franklin wrote those words Feb. 27, just before he left for Vietnam and a war he believed should never have begun. He wrote them in a letter left with his parents to be opened only in the event of his death.

Franklin, 19, a medical corpsman, died last Tuesday in Cambodia.

His parents opened the letter Saturday, a short time after they were notified of their son's death.

When he had handed the sealed envelope to them, the parents told him, "You'll be back. You'll read it then and have a good laugh about it."

But in the letter they found a premonition of death and bitterness against war and the "war-mongering hypocrites in Washington."

"If you are reading this letter, you will never see me again, the reason being that if you are reading this I have died," Franklin wrote. "The question is whether or not my death has been in vain. My answer is yes.

"The war that has taken my life and many thousands before me is immoral, unlawful and an atrocity unlike any misfit of good sense and judgment known to man. I had no choice as to my fate. It was predetermined by the war-mongering hypocrites in Washington," the letter said.

"As I lie dead," Franklin wrote, "please grant my last request. Help me inform the American people, the silent majority who have not yet voiced their opinions."

Franklin entered the Army in March, 1969. He is survived by his parents, two sisters and a brother.

By his own request he will have a civilian burial.

ADDRESS BY LAWRENCE F. O'BRIEN, CHAIRMAN, DEMOCRATIC NATIONAL COMMITTEE

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, I take this opportunity to insert in the RECORD a speech which was delivered by the Honorable Lawrence F. O'Brien, chairman of the Democratic National Committee to the Woman's National Democratic Club.

The speech referred to follows:

ADDRESS BY LAWRENCE F. O'BRIEN

I had some difficulty choosing a topic for this occasion. Ever since the Women's Liberation Movement declared criminal assault to be a *political* crime, there has been considerably more latitude in subject matter for those who occupy a political platform.

I'm going to forego that particular temptation, however, and talk to you today about economics—the dismal science made doubly dismal by the President's very special brand of economic double jeopardy: the paradoxical and unprecedented spectacle of inflation continuing to accelerate in the face of a rapidly mounting recession.

Six months ago, when Walter Heller talked here about the economic state of our nation, he coined a word that seems specially designed for the vocabulary of a non-economist like myself—Nixonomics.

Nixonomics means that all the things that should go up—the stock market, corporate profits, real spendable income, productivity—go down, and all the things that should go down—unemployment, prices interest rates—go up.

As a man responsible not only for his own personal exchequer, but for that of the National Democratic Party as well, I have a very special concern for the impact of Nixonomics.

Let's take a look at what 15 months of Nixonomics has meant to our economy:

For 32 consecutive quarters—ever since the fourth quarter of 1960—we had sustained economic growth in this country. For 32 quarters, the disposable per capita income in constant dollars—the real take-home pay of a household—went up.

The first decline in the decade occurred less than three months after Richard Nixon assumed the Presidency—in the first quarter of 1969.

For 34 consecutive quarters—ever since the first quarter of 1961—the Gross National Product rose. During the past six months, the GNP dropped from $730 billion to $724 billion, a loss—at an annual rate—of about three percent. This is an even *sharper* rate of decrease than in the last recession—which, by the way, occurred in the last year of the last Republican Administration.

For seven of the last nine months, industrial output has declined and corporate profits—which dropped in every quarter last year—are down 11 percent. Wages and salaries in the private sector are down for the first time since 1965.

For the last seven years of the Kennedy-Johnson Administrations, the stock market registered steady growth and expansion. Last week—despite relaxation in margin requirements—the Dow Jones industrial index dipped below 700 for the first time since April, 1963, for a loss of some 300 points off its 1968 high water mark. Standard and Poor's 500-stock index and other conventional indicators registered similar dramatic losses.

For large and small investors across the nation, it has meant losing close to a third of their invested savings. Stockholders have lost upward of $160 billion since President Nixon took office.

For eight straight years of Democratic Administration, unemployment—as high as 7½ percent during the Republican 1950s—declined steadily. When President Johnson left office, unemployment was at the lowest point since Harry Truman left the White House—3.3 percent.

In 15 months, Richard Nixon—the man who wisecracked in his election eve telethon that the only unemployment necessary to stop inflation was that of President Johnson's economic advisors—has managed to dissipate the hard-won employment gains of the Kennedy-Johnson years so that, today, close to five percent of the nation's working force is again on the street.

Four million people are unable to find productive employment in our fast slowing economy—and many more millions are working shorter hours for less pay while higher living costs take an increasing percentage of their spendable income. Nearly 1.5 million additional workers have become unemployed since the start of the Nixon Administration.

The cost to the nation is tremendous. An unemployment rate of 5 percent means a loss of $45 billion a year in goods and services—a sum that could provide two and a half million critically needed housing units, 120 times what we spend for law enforcement assistance to states and localities, 45 times as much as Mr. Nixon budgeted in the first year of his water pollution crusade, 30 times what the nation spends for higher education, 20 times the federal investment in elementary and secondary education, and three times the amount needed to wipe out poverty.

Let's take a look at some of the other record breaking economic achievements of this Republican Administration.

Item: In 1969, the Federal Reserve Board discount rate rose 12½ percent.

Item: In 1969, the bank prime rate increased 40 percent.

Item: In 1969, banks reported profits 18 to 56 percent higher than those of the previous year.

Item: In 1969, the cost of living was increasing 33 percent faster than it did during the most inflationary of the Kennedy-Johnson years—and over 400 percent faster than the best of those years.

Item: In 1969, the cost of crude industrial materials increased by eleven percent—they went up only two percent in 1968.

Item: In 1969, copper prices went up five separate times for a whopping total increase of 24 percent.

Item: In 1969, the combined impact of points and rising interest rates knocked twenty percent out of the purchasing power of the homebuying dollar.

Today, with interest rates higher than they have been at any time since the Civil War, families who buy a $20,000 house commit themselves to an additional $35,000 in interest alone—money that goes not to the seller, not to the builder, not to the worker, not to the architect—but to the banker. A family that bought this same $20,000 house the month that President Johnson left office would have saved $5,000 in interest alone.

Today the American housewife pays a penny more than she did last year for every egg she buys, over ten cents a pound more for frozen fish and over 13 cents a pound more for pork chops.

If a member of her family is unfortunate enough to be ill and enters one of Washington's hospitals, he will pay $65 for a semi-private room—25 percent more than the same room would have cost him a year ago.

Economists have long warned that there is a price to pay for controlling inflation—a trade-off between the nation's goal of full employment and the re-establishment of a stable dollar.

Nixonomics makes us pay the price—we pay through the nose. But we get nothing in return.

As a result, we have a simultaneous erosion of the dollar, decrease in production and increase in unemployment. Urgent housing and other needs are not met, workers are laid off, and the historic inequities in income distribution are perpetuated as the poor and the unskilled become the first battle casualties in the war against inflation.

We saw that the last percent in the unemployment decline—the drop from 4.5 percent to 3.5 percent—had a substantially greater impact among the hard-core un-

employed than among other groups. Conversely, we are seeing a disproportionate jump in unemployment among this same group as the figures reverse and the last to be hired are the first to be fired. Consider, for a moment, the catastrophic impact the present recession has had on the JOBS program, the highly promising campaign initiated by the Johnson Administration to hire the hard-core unemployed.

In the battle against inflation, notes John Gardner, "It is not enough to smile bravely and tighten the belts of the poor."

A healthy economy is much more than a stable dollar and full employment; it is important not just in terms of the health and welfare needs—the human needs—of our citizens. Economics is not just how much, it is also what for.

A sound economy swells the federal pocket with funds that can be spent on air and water pollution, on law enforcement support, on education and manpower training and all the other programs to which a truly civilized society accords first priority.

If this nation to to meet its critical domestic needs, it must grow vigorously—and allocate wisely.

It is time that the American wage earner and the American consumer and the American investor demand that Mr. Nixon use the truly awesome power of the Presidency—the power he did not hesitate to use in expanding the war in Southeast Asia—in the critical domestic battle for a healthy economy.

It is time to abandon the low profile and the calculated neglect that have characterized the Republican approach to inflation and recession alike.

The chorus of concern is now rising from the ranks of impeccable Republicans, as well. Former Presidential Counselor and now Chairman of the Federal Reserve, Arthur F. Burns, and HUD Secretary George Romney have urged upon the Nixon Administration some form of voluntary wage-price controls to buttress the Administration's total reliance upon fiscal and monetary policies to curb inflationary pressures.

When you consider what the President has NOT done in the battle against inflation, it is only surprising that Burns and Romney waited this long to speak out against these misguided Republican economic policies.

There is, for example, considerable evidence that American corporations and labor unions respond affirmatively when the President asks them to act in the public interest by exercising voluntary restraint in pricing and wage policy.

Arthur Okun, former chairman of President Johnson's Council of Economic Advisors, has come up with some significant figures in this regard.

He listed key industries affected by "jawboning"—the industries that President Johnson challenged to hold fast on wage-price guidelines.

Mr. Okun's figures show that this moral pressure—this "jawboning"—is highly effective—Mr. Nixon's attacks on this policy notwithstanding. In 1968, these key industries raised their wholesale prices by an average of only one percent—substantially *less* than the price rise in those industries not affected by "jawboning."

During 1969—under the new look-the-other-way rules of Nixon-omics—these same key industries jumped their prices an average of six percent—*more* than the average rise in other prices.

Here is another example of Presidential inaction on the inflation front: last year our Democratic Congress provided the President with the authority to impose selective credit controls. Such controls, applied to business investment and inventory build-up, could have been of real help last year. They could have eased the credit crunch for consumers, for state and local government, and for the building industry—now suffering an 8.1 percent unemployment rate.

But the President publicly refused to use this anti-inflation weapon when it could have helped.

The President showed similar lack of leadership in fiscal policy.

Despite the demonstrable need in 1969 to continue the ten percent surtax, the President waited a full quarter of a year before making a recommendation to Congress—and when he finally did so, he recommended cutting both the amount and the applicable time of this valuable anti-inflation tool by fifty percent.

Had the President acted with decision and dispatch in these three key areas—jawboning, selective credit controls and tax policy—there is a good chance that today's economy would be on the way to the recovery so confidently and repetitively predicted by the President and his Republican advisors.

Instead, Republican leaders are reduced to following Senator Aiken's strategy for peace in Vietnam—"Let's declare Victory, and get out!"

An example of this technique translated into economic terms is House Minority Leader Gerald Ford's statement after a White House briefing on the economy in March of *1969*, and again in March of 1970. Inflation, the Congressman announced on both occasions, one year apart, has passed its peak, everything is under control.

Same precarious economy, same statement, same man. Only the date had been changed to protect the guilty.

And, of course, you recall Mr. Nixon's confident advice about the stock market. On April 28 he allowed as how stocks were a good buy. "Frankly, if I had any money I'd be buying stocks right now," the President said. And then the market promptly dropped another 10.82 points the same day. Those of us old enough to remember President Hoover's similar remarks might have thought it all a bad dream—except we aren't sleeping.

The collapse of the financial community's confidence in the policies of the Nixon Administration has become so acute that the U.S. Treasury nearly failed to execute a $3.5 billion borrowing—the first time this has happened in modern financial history. Only a hurriedly organized rescue operation by the Federal Reserve averted this financial disaster.

There *is* a way out of this economic bog. The President can still enlist the responsible majority of business and labor leaders in the effort to bring the wage-price spiral under control. It is high time this Administration involved itself in price and wage movement in key sectors of the economy.

It is high time the Administration took a hard look at the inflationary aspects of government policies with respect to procurement, subsidies, anti-trust enforcement, trade restrictions and the like.

Relying exclusively on monetary and fiscal policy—as the President is doing—is fighting inflation with one arm strapped behind our back. By excessive dependence on tight credit as the primary inflation control, the President is junking the healthy economic growth of the Kennedy-Johnson years and leading us back into the sluggish economy of the Republican 1950s.

The President has another essential duty: he must generate an atmosphere of confidence—an environment of positive action—surrounding his performance in all areas of national policy. By his words, and more importantly by his deeds, the President must demonstrate that he knows what he is doing . . . and where he is going.

The events of the past two weeks have brought to the surface a concern which many of us have felt with growing intensity for the past year . . . that the President lacks a vision—a set of fundamental beliefs—about where this country should be headed in these difficult and dangerous times.

A President who, in the period of ten days, suddenly reverses national policy and launches a surprise invasion of a neutral country—without consulting Congress or even some of his principal advisors—inevitably raises profound doubts about the quality of his leadership.

A President who tolerates in his Administration the most confusing and ambiguous pronouncements in such vital areas of national policy as the economy, urban affairs, dissent, equal rights, education and law enforcement inevitably raises profound questions about his ability to manage the executive branch, not to say anything about the rest of the nation.

Brought on by the deepening economic crisis which grips America, but fueled by the Nixon Administration's equally grave failures in almost all other policy areas, the American people are now asking: Is this any way to run a country?

The American people are now asking: How long can a Party and a President run a country on broken promises alone? In my opinion, two years is about the maximum. After that, they start losing elections.

And that's just what's going to happen this November. We Democrats are going to present the American people with some alternatives to the Nixon program . . . and the American people are going to present the Congress with some alternatives to the Nixon Republicans.

And after that . . . On to '72.

THE MENTAL RETARDATION FACILITIES AND COMMUNITY MENTAL HEALTH CENTERS CONSTRUCTION ACT

(Mr. HARSHA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

(Mr. HARSHA. Mr. Speaker, on March 4, 1965, Mr. Martin A. Janis, director of the Ohio Department of Mental Hygiene and Correction, testified before the House Committee on Interstate and Foreign Commerce in support of legislation to provide staffing of mental health centers authorized by Public Law 88–164, the Mental Retardation Facilities and Community Mental Health Centers Construction Act.

At that time Director Janis stated, and I quote from his testimony:

> We can turn the flow of mental health services dollars to better use if, through passage of this bill, we are given necessary aid that will permit immediate development of the Community Comprehensive Mental Health Center.

Now, 5 years later, it gives me great personal satisfaction, as a representative of the Ohio congressional delegation, to report on the progress the State of Ohio has made in utilizing this "seed money" for construction funds for community facilities for the mentally ill and mentally retarded. Ohio has indeed fulfilled Director Janis' prohphecy that this legislation would stimulate local and State funding.

Let us examine the record. From 1965 through 1969 a total of $3.5 million was allocated to Ohio in Federal construction funds for community facilities for the mentally retarded. Ohio communities matched this with an additional $9.4 million to develop 17 projects, representing a total construction cost of $12.8 million. Included in these projects is the construction of training centers, sheltered workshops, and residential centers for the trainable mentally retarded. Ohio has more such training centers un-

der construction than any other State in the Nation.

From 1965 through 1969 Ohio received $9.6 million in Federal construction funds for the construction of community mental health centers. This was matched by $10.3 million from Ohio communities to develop 16 projects, representing a total construction cost of $19.9 million.

Thus, in the construction of community mental health and mental retardation centers, "seed money" provided by the Federal Government from the enactment of Public Law 88–164 through 1969 represented a total of $13.1 million which was matched by Ohio communities with $19.7 million.

But this is only part of the story. The citizens of Ohio in November of 1968 amended the constitution of Ohio to provide for a permanent ongoing capital improvement fund for mental health and mental retardation projects to be administered by the Department of Mental Hygiene and Correction. As a result, for 1970 and 1971 the State of Ohio has provided $18.8 million for the construction of mental health projects and $16.5 million for the construction of mental retardation projects, which means that the State of Ohio is contributing as its share during the next 2 years a total of $35.3 million. In addition, local communities will match these funds with an equal amount. According to the best projection, the Federal funds for these 2 years made available to Ohio will approximate $3.8 million.

There is one project in my congressional district which I believe merits particular mention as it provides a perfect example of the stimulation that "seed" grants can bring about. The Clermont County Board of Mental Retardation has proposed the establishment of a new school facility to meet the needs of the mentally retarded of the county. This proposed facility will serve 200 retardees and will afford an opportunity to expand present diagnostic services and accelerate and sophisticate the various training programs now available to the retarded. Such a school is urgently needed if we are to provide minimal adequate facilities in this area.

The support of the residents of the community for this project was strongly evident last fall when the voters approved two bond issues to provide for the construction of this modern facility and its yearly operating expenses. While the limited Federal funds allocated to the State of Ohio under Public Law 88–164 made Federal assistance in this instance impossible, the State of Ohio is now able to provide matching funds for projects such as this up to 50 percent of the approved total cost. Thus, funds to make this project a reality will be available.

The really remarkable progress which has been made in Ohio toward meeting the long-neglected needs of the mentally ill and the mentally retarded would not have been possible without the dedication and hard work of many knowledgeable leaders in the field of mental health, such as Mr. Janis on the State level and Mr. John Mackey of Clermont County on the local level. They, along with many other distinguished leaders in this field, are to be commended for their dedicated efforts to bring a better life and a more promising future to our mentally ill and retarded citizens.

In my remarks I have referred only to the outstanding progress which has been made in my own State of Ohio toward providing adequate facilities and training for the mentally ill and mentally retarded. I am confident that similar progress has been made in many of our other States. While the funds provided by Public Law 88–164 are not adequate to meet all of our extensive needs in this area, the "seed" money provided by the Federal Government under this legislation has been largely responsible for stimulating States and local communities to take necessary action to provide for matching funds to finance training centers, sheltered workshops, residential centers for the trainable mentally retarded, and other essential facilities. If we multiply by 50 the outstanding progress which the State of Ohio has made in this area, the result would be truly impressive.

SUPPORT NATIONAL GUARD

(Mr. HARSHA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HARSHA. Mr. Speaker, I am deeply shocked and saddened by the death of the four young students at Kent State during the recent campus disturbances there. I am, however, equally concerned about the great deal of undue criticism of the National Guard troops assigned to duty at Kent that weekend.

Too many newspaper, radio, and television accounts distorted the facts of the tragedy and focused only on the day those four students died and others were wounded. Too often, they are quick to criticize the National Guard for firing into the crowd. This is unfair, for that weekend of campus disorders at Kent was the culmination of 2 years of sporadic outbursts of protest and sometimes violent confrontation. Furthermore, the Ohio guardsmen on duty there were under an unusual amount of tension and stress and were subjected to a great deal of violence and abuse by the protestors. There is evidence that what happened at Kent might not have been a completely spontaneous, purposefully peaceful demonstration prompted singularly by the movement of American troops into Cambodia.

I think it is vitally important to take all of these factors into consideration, especially the violently hostile attitude of the Kent State students toward the National Guard, to put the incident into the proper perspective.

As early as November 1968, the SDS was actively sponsoring protests at Kent State. The first was aimed against police recruitment on campus. Six months later, two more violent confrontations followed. In the first, on April 8, 1969, an SDS-led group of demonstrators clashed with the police during a protest in which the students demanded the abolishment of ROTC, a crime laboratory and a law enforcement training school at Kent. Many students were arrested on assault and battery charges and as a result, the SDS was banned from the campus. Eight days later another demonstration was held, after which four of the students charged with assault and battery in the previous melee were also charged with inciting to riot. These four were convicted, sentenced, and jailed on both counts for a total of 7½ months.

I find it particularly interesting to note that all of these demonstrations were directly leveled at our law enforcement and military segments of society. This obvious disrespect for the democratic methods of maintaining law and order and protecting our country has, I believe, grave significance on the events which followed:

On April 10 of this year, "Chicago Seven" radical, Jerry Rubin, addressed a rally at Kent. In it, he urged the audience to "kill your parents" and "break every law, we have got to all become criminals."

Nineteen days later, the four students jailed as a result of the 1969 demonstrations were released from the Portage County, Ohio, jail. Their release was, I might add, only 2 days before the disturbances began at Kent that ended in the fatal shootings. I understand that there are five sworn affidavits attesting to the fact that these same individuals, who had been barred from the Kent campus, were seen on it during the recent riots.

The events of that tragic weekend began on Friday, May 1, when disorders broke out in downtown Kent. It is important to note, however, that the National Guard was not summoned to the campus until the following night and only after demonstrators burned down the ROTC building and even attacked and injured the firemen trying to squelch the blaze. Students even used a machete to destroy the fire hoses and other fire fighting equipment. Certainly, such violence was beyond all justification, and under those circumstances, I think it was necessary to call in the National Guard to restore law and order and allow the university to remain open for the many students who were there for an education.

At the time the guard unit of about 50 men opened fire on the students the following Monday, they were surrounded by 400 to 500 demonstrators—with an additional 1,000 students standing or milling about in close proximity to the hard-core operators. These demonstrators were known to have walkie-talkie communications and they hurled such weapons as bricks, rocks, clubs, and railroad spikes at the guardmen, inflicting injuries upon many of them.

This spontaneous demonstration has even less credibility when one considers the fact that one-half ton of bricks and rocks were removed from the roof of one of the dormitory complexes. They had been piled there along with supplies of food and water, apparently as a fortification or place of retreat. This suggests that the demonstration was planned long before the Cambodian announcement. Sawed-off shotguns and rifles, together with other lethal weapons, were also confiscated. Such evidence cannot discount the reports of a sniper firing first at the National Gaurd causing them to return the fire in defense of themselves. A doctor who was a combat medical officer in the war, treated one of the wounded students and he says unequiv-

ocally that the wound was not from a military weapon, giving credence to the report that shots were fired by other than the National Guard.

With all due consideration to all of these factors that led to that tragic Monday, I do not believe that the National Guard can be blamed for what happened. Furthermore, they deserve our support, for they were doing what they had to do to restore law and order to the Kent campus. It is unfortunate that the consequences of the student violence were so high, but I believe that perhaps a difficult lesson was learned by all. We have given the responsibility to the National Guard to maintain law and order in times of turmoil and it is necessary we put full confidence and support behind them in their difficult task.

VETERANS "JOB MART" — CREATIVE USE OF THE VA'S RESOURCES

(Mr. SAYLOR asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SAYLOR. Mr. Speaker, April 22 was more than Earth Day. For the Nation's veterans that day was much more important than the event which captured the attention of most of the press.

On April 22, approximately 1,300 veterans turned out for a 2-day "Job Mart" in Washington, D.C., held under the joint sponsorship of the Veterans' Administration, the District of Columbia Manpower Administration, and the District of Columbia Department of Veterans' Affairs.

The gathering of job-seeking veterans was the result of a "pilot program" directed at finding jobs for those men who have served their country in the military services. Project Director Richard Gillespie reported that some 3,000 jobs were available for qualified applicants that day. Veterans who did not receive referrals at the Job Mart itself will have their qualifications matched by computer with job orders in the Veterans Assistance Center. In my opinion, this program is one of the best examples of the creative use of talent, time, and money by the Federal Government.

Unfortunately, I was not able to attend the opening of the Job Mart but I have received a report on the activities of the 2-day affair from Mr. J. H. Hubbell, manager of the Veterans Benefits Office, which I know our colleagues will be interested in reading.

The report follows:

VETERANS ADMINISTRATION NEWS

Approximately 1,300 veterans turned out for a two-day Job Mart held in the Old Pension Building on G St., N.W., April 22–23, under the joint sponsorship of the Veterans Administration, the D.C. Manpower Administration and the D.C. Department of Veterans Affairs.

VA Administrator Donald E. Johnson said that early indications are that it was the most successful job mart ever held, and that the Washington, D.C. effort will be regarded as a pilot program for the East Coast.

Project Director Richard Gillespie of the Veterans Benefits Office, 2033 M Street, N.W., said that some, 3,000 jobs were available for qualified applicants. Veterans who did not receive referrals at the Job Mart itself will have their qualifications matched with job orders in the U.S. Veterans Assistance Center computer job bank at 25 K Street, N.E., for possible future employment, Mr. Gillespie said. Thus, it will be some time before a complete evaluation of the project can be made, he added.

About 1,650 of the 3,000 jobs are available with the D.C. and Executive (White House) police forces.

More than 50 Metropolitan Washington business firms and Federal and district agencies had job interviewers on duty both days of the Job Mart.

James H. Hubbell, manager of the Veterans Benefits Office in Washington, noted that a number of those who appeared at the Job Mart were already employed but wanted to upgrade their present employment. In addition, he said, some were still members of the Armed Forces and were testing the labor market for future employment possibilities.

VETERANS' ADMINISTRATION,
Washington, D.C., April 30, 1970.

Hon. JOHN P. SAYLOR,
House of Representatives,
Washington, D.C.

DEAR MR. SAYLOR: Your expressed interest in the Job Mart held on April 22 and 23, 1970, at the Old Pension Building at 440 G. Street, N.W., here in our nation's capital is sincerely appreciated.

In response to your request for a report on the Job Mart for insertion in the Congressional Record, I am happy to enclose a copy of the report which I have just submitted to the Administrator of Veterans Affairs, Donald E. Johnson.

His interest in the Job Mart is reflected not only by his request for the enclosed report, but by his leading participation in the ribbon-cutting ceremonies officially opening the Job Mart.

As you will note, this report goes beyond a mere chronicling of activities on April 22 and 23 to place the Job Mart in its proper perspective as a specially-promoted, single-event highlight of the on-going and continuing job counseling and placement efforts of the Veterans Benefits Office.

The principle thrust of the report, of course, relates to the most successful two-day Job Mart, including its purpose, the preparations involved, the pay-off participation by interested veterans, and the planned follow-thru that is already underway.

Thank you again for your interest in this particular project and for your continuing support of VA programs for the benefit of America's veterans, their dependents and survivors.

Sincerely,

J. H. HUBBELL,
Manager.

REPORT ON VETERANS JOB MART AT OLD PENSION BUILDING

(By J. H. Hubbell)

Having led the array of dignitaries who participated in the ribbon-cutting ceremony opening the April 22–23, 1970 Veterans Job Mart at the Old Pension Building in our nation's capital, you know of the generous and, of course, essential cooperation which our Veterans Benefits Office received from the District of Columbia Government, Civil Service Commission, Veterans Employment Service, and D.C. Urban League.

And having seen several hundred veterans in attendance during the opening hour, you can appreciate the invaluable assistance we received from countless nongovernmental sources in getting the word to area veterans about the Job Mart.

The Job Mart concept was pioneered by the Veterans Administration in San Francisco and Compton, California. I am especially proud, however, that the April 22–23 event here marked the first time that this approach to bringing veterans and jobs together was tried on the East Coast.

In order that they may be properly and officially credited and thanked for their participation in the Job Mart, I am including as part of this report a list of individuals and organizations who made especially significant contributions to the success of this event.

Not listed individually are the 23 key officials in Veterans Service Organizations, 46 officials in Civic Associations, and the clergy in 132 churches who responded promptly and fully to our request for their assistance in notifying veterans of the Job Mart, particularly its location and dates.

Illustrative of the close and continuing interest of Congress in the welfare of veterans, including their gainful employment, was the presence at the Job Mart of Capitol Hill officials.

Obviously, the advance publicity given the Job Mart by the community's news media contributed significantly to the turn out of more than 1,400 veterans during this two-day event.

Also a factor, however, were the more than 3,300 individual letters sent out in advance to area veterans by the District Unemployment Compensation Board, the D.C. Urban League, and the Veterans Benefits Office.

The Job Mart had two principal objectives, both of which were achieved as a result of the encouraging turn out of veterans.

The first was to give as many veterans as possible the opportunity to meet personally with prospective employers.

The second, and perhaps more important in terms of the long-range welfare of our returning Vietnam veterans, was to emphasize to area employers the genuine employment needs and desires of these patriotic young Americans.

I am sure you will be pleased to learn that 39 area employers were represented at the Job Mart. An additional 40 employers sent in Job Orders. Thanks to the cooperation of the Civil Service Commission, 19 Government Agencies were also represented.

Of the 1,400 veterans who attended the Job Mart, an estimated 600 were referred for selection for specific vacancies.

It should not be inferred, I hasten to point out, that the remaining 800 went away empty handed.

They also had an opportunity to talk with a Job Counselor or Employer. In most cases, however, these applicants were already employed and were visiting the Job Mart in hopes of upgrading their present employment, or they were still in service and were exploring future employment possibilities.

The success of the first Job Mart in our nation's capital would seem to suggest other Job Marts in the future.

Meantime, VA representatives at the Washington, D.C. United States Veterans Assistance Center, (USVAC), located at 25 K Street, N.E., under the direction of VBO, will follow-up with all employers represented, both government and private industry, to learn definitively how many veterans they hired. We also intend to ask them whether they would participate in future Job Marts. Of course, their suggestions as to how this type of approach to matching veterans and jobs can be improved will be welcomed and invited.

The veterans who attended the Job Mart and left their employment history statements will also be contacted and asked their reaction and whether they desire further employment assistance.

In conclusion, permit me to point out that while the Job Mart undoubtedly will result in employment for a number of veterans, this event, even if repeated, is not, and was never intended to be, a substitute for the day-to-day efforts of USVAC to find suitable employment for our returning Vietnam veterans.

That the nation's capital USVAC is succeeding in this vital task is evidenced by the fact that in the current fiscal year alone nearly 700 veterans have obtained employment following their visit to the USVAC.

INDIVIDUALS AND ORGANIZATIONS MAKING EXTRAORDINARY CONTRIBUTIONS TO THE SUCCESS OF THE WASHINGTON, D.C., JOB MART, APRIL 22–23, 1970

Honorable Walter E. Washington, Mayor of the District of Columbia.

Horace R. Holmes, D.C. Manpower Administrator.

A. Leo Anderson, Director of the D. C. Department of Veterans Affairs.

The Honorable James E. Johnson, United States Civil Service Commissioner.

William C. Syphax, Veterans Employment Representative for the District of Columbia.

Lavell Merritt, Veterans Affairs Coordinator for the D. C. Urban League.

WFAN-TV.

WMAL and WMAL-TV.

WTTG-TV.

WTOP.

The Washington Post.

The Evening Star.

The Washington Board of Trade.

American Red Cross.

DECLINING AIR SERVICE TO THE NATION'S SMALLER CITIES

(Mr. SAYLOR asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SAYLOR. Mr. Speaker, several days ago Mr. John G. Adams of the Civil Aeronautics Board gave a particularly penetrating speech concerning the changing pattern of air service and the disastrous effects of the change on the service available to the residents of small cities.

Speaking before the Association of Local Transport Airlines in New Orleans, Mr. Adams called a spade a spade in relating the decline of passenger service to cities such as Johnstown, Pa., which is in my congressional district. He said, and I concur entirely:

> I am very uneasy about what appears to be a steady, piecemeal, and uncoordinated leaning by local service air carriers away from their service obligations to smaller cities, and I'd like to see it reversed before it becomes of runaway proportions.

Part of the problem faced by the little cities can be traced to the airline industrywide disease known as "jumboitis." In order, it seems, to take advantage of the economies of scale in the aircraft industry, carriers are relying more and more on the larger aircraft. On paper, I am sure this makes sense to the industry's accountants and bankers even though it works to the disadvantage of the commercial air traveler. Naturally it does not make economic or horsesense for a 100-plus passenger airplane to fly a short distance to pick up and/or discharge one or two passengers. On the other hand, it does not make sense in this day and age of technological wonders, for cities to be isolated. A policy of CAB encouragement of smaller plane based operations seems in order and long overdue.

Commissioner Adams does not express such a policy in his speech but it is clearly indicated. Since most of our colleagues represent cities in the small population range and face an uncertain air service future, I have added to my remarks the full text of Mr. Adams' provocative and valuable presentation and urge its close study by all Members of the House.

The speech follows:

REMARKS OF JOHN G. ADAMS

I want to talk to you for a few moments about the changing pattern of air service which may be ahead of us during the next ten years—that is, during the decade of the 1970s. And particularly I want to talk a bit about the commercial aviation future of about 100 cities. I'm not talking about cities like New Orleans, and Atlanta, and Seattle, and Boston. I'm talking instead about four or five score towns and cities whose populations vary from perhaps 15,000 to 50,000. Towns in which the trunks lost interest one or two decades ago, and which many of you now, in your planning for the 70's, are speculating about abandoning.

The air carrier industry has problems today, not just your segment, but all of it.

One segment says the government has put in too much competition against it and thus reduced profit opportunities. Another says that illegal charters are killing them. A third one says that it needs a protected market and broadened authority.

Look at the local service sector of the industry. Your troubles are not minor. Your investment in flight equipment rose from $133 million at the end of 1965 to $541 million at the end of 1969, a quadrupling of the original level. Your debt rose from $110 million in 1965 to $550 million at the end of last year, a four-fold increase. Interest expense during the period increased by a factor of eight, rising from $5 million in 1965 to $41 million in 1969. These sizable increases in the flight equipment and related accounts reflect, in the main, the continuing acquisition of new jet powered aircraft throughout the period.

The law makes clear that the Board may not control air carrier equipment acquisition. Admittedly you often come in and make a presentation of your plans, but you are not seeking Board permission; you are just telling us of your program.

And, in moving as you did to an inventory of turbo props and pure jets, you increased your investment base, and thus your return requirement significantly. Thus in today's climate the $400 million increase in the investment base attributable to purchases of flight equipment over the past four years would, in theory, generate an additional subsidy requirement for return and taxes of between $50 and $60 million. This, obviously, has much to do with the economic pinch so prevalent among the local carriers today.

These equipment decisions also brought on other problems. In your case, too much competition has not been put against you. Rather, you are the competition put on previous non-competitive trunk segments of others. Nor are excessive or illegal charters to dilute your loads a problem with you. Rather, you suffer from decreasing load factors caused by the new equipment just referred to, plus other things. The average passenger load factor of your segment, which had reached 50.2% in 1966, dropped to 43.1% in 1969, with individual carriers ranging from 39.4 to 47.4%. And then the whole problem was compounded by three unexpected new factors. These were the staggering increase in the cost of money, and in the cost of services and labor, plus the unforecasted fall-off in traffic growth we have seen in the past year.

Clearly the present economic situation, whatever its various causes, is the most important single problem facing the local service industry.

What steps has the Board taken and can it take in the future to ameliorate the situation? What steps can and should be taken by the industry and by the Congress?

I am inclined to believe that short-haul fares are approaching the top limits to which they can reasonably go for the immediate future.

At least one of your presidents is of the firm view that the higher fares have driven passengers off the airlines and back to the highways in many short-haul markets, and I think he may be right. I have been told this in very harsh terms by Chamber of Commerce representatives in some of the smaller cities I have visited this past winter. So, where else do we look?

The Board's route strengthening policy has resulted not only in granting new routes in the local carriers' own general areas, but also, in many cases, in extending the local carrier out of its territory and into a major hub.

In 1969 Mohawk was extended from upstate New York points to the Twin Cities and to Chicago; North Central was given Twin Cities-Denver authority; Ozark was brought from Iowa and Illinois to Washington and New York; Piedmont was given a route to Chicago; Southern saw added to its system St. Louis, Chicago and Miami; and Texas International was extended north to Denver and west to Los Angeles. A year earlier Allegheny had been extended north to Albany, and southwest to Memphis, and somewhat earlier Piedmont and Southern reached Washington and New York.

The theory behind such awards was supposed to be that they would be highly profitable and would in part make up for losses sustained by the carrier in serving small communities and short-haul routes.

But what bothers me is what appears to be a tendency of some carriers to accept these lucrative awards and at almost the same time seek to get out altogether from the towns the award was supposed to pay them to serve. One of your members was before us a couple of months ago, within weeks of having begun such a new service, and said that he would concentrate on building this route but would probably shortly be before us for permission to drop some loss towns. In my opinion this just won't do.

To me "dropping" is not the solution; but "remodeling" may be.

There is no escaping the fact that services to large numbers of towns are going to be loss services at any reasonable fare, and many would be even at unreasonably high fares. The question presented is, who will pay the piper? If these loss services are to continue, they must be subsidized directly or indirectly by someone: the U.S. Government, the local community, or the stockholders. I think you will agree that in 1969 your stockholders provided a very substantial portion of this subsidy. We, that is, we the regulators, you the carriers, and the towns who are the users, are faced with a four-pronged dilemma—either raise fares to make the route profitable; let the carrier lose money on it; get out of the town; or subsidize it in some form or other.

If we can raise local fares no further, as I think we cannot on any broad scale sufficient to make a dent in the problem; and if your stockholders' ability to absorb these losses has reached its limit, as I think it has, we have before us only two other choices, discontinuation of service, or some more successful and satisfactory type of subsidization.

One of your presidents told me recently that if he could choose 15 towns on his system at which to discontinue service he could go off subsidy. And I suspect he was correct.

But if we did that—if we let him out of those 15 towns, and then did the same thing for eight other carriers, we might fairly quickly discover around 100 towns which would lose air service altogether.

This is not a solution I would favor, but it probably would end the federal subsidy program. And the primary purpose for which your segment was certificated—to bring air service to smaller cities—would disappear.

Further, I don't believe that the Congress which appropriates the subsidy funds, nor any of the involved state governors, nor the communities who depend on the service, are ready suddenly to reduce the total number of

towns in this country which receive air service by about 20%. There must be some other way.

The two most promising things that I have been able to think of involve the extensive use of small aircraft One would be by the massive substitution of a third level of service over loss segments and to loss towns with some sort of subsidy type support involved. The other, of course, would be an expansion of the sort of small aircraft program within your own system that at least two of you have already started.

The beginnings of a "subcontract" type arrangement were first authorized in October 1967 when Allegheny was permitted to suspend at Hagerstown. Its service was replaced by Henson Aviation. Since then, Allegheny had made similar arrangements at 11 other points, Mohawk at two points and North Central at three points. Frontier had been authorized to suspend at two points, until three weeks ago, when the Board authorized that carrier temporary suspension at seven points in Montana and one in North Dakota. But this is only a scratch on the surface, and in each instance has been developed entirely by the private sector.

We remember when the appellation "feeder airline" was applied to the local service carriers. But you cannot economically "feed" thin markets with a DC–9, a Boeing 737, or even with a Convair 580. Your equipment acquisition program of the past five years has completely changed your identity. What must be done is to find a way to utilize economically small aircraft such as the Carstedt, which Apache is using at the Frontier points in Montana; the Twin Otter, used by Executive; or the Beech 99. And of course there are many other types of low cost small aircraft still in the developmental stage.

What I am suggesting is either a large scale use of small aircraft by your own company, or, and equally as interesting, a stronger movement in the direction of relieving the locals of service at loss points and the substitution of commuter type airlines in their stead, but with the local service carrier retaining the certificate responsibility, and required to resume service if the substitute faltered. And I think some sort of financial incentive both to the local carrier and to the substitute carrier would make sense.

What kind of additional points would be suitable candidates for this type of substitute service? First we might look at the number of cities which generate less than 15 passengers a day. Of the 517 points served by the local service carriers, at last count 120 points were generating less than 15 passengers a day. We are therefore talking about approximately 20% of the air transportation system of the 48 contiguous states.

In some cases a third level carrier could eventually operate these substitute services profitably, with an increase of schedules for the traveling public and to the advantage of the certificated carrier which is relieved of a loss segment.

In many other cases, however, owing to weather, terrain, sparse population and traffic patterns, such carriers cannot operate at a profit while charging any reasonable fare. I suspect this would be particularly true in some of the sparse areas of the southwest and west. And so I wonder if a plan could not be devised to recognize reasonable subsidy payments or guarantees by local carriers to commuters as legitimate operating costs of the local carrier. I think it would be simpler if the Board could avoid moving to a large scale subsidy program of an entirely new class of carriers. The local service carrier would have the responsibility of administering the payments and of ensuring that the air taxi was performing the agreed level of service, agreed to both by the communities, the carriers and the Board. The local service carrier could be paid for administration, and the total subsidy figure could be an amount necessary to make the air taxi whole, with a reasonable profit. The incentive to the local carrier would be his opportunity to get rid of the drag on profits these loss points now place on him. The plan could go even one step further by some sort of community participation in the subsidy through favored treatment of the commuter at municipal airport facilities.

In advancing this thought I do not mean that every town under a certain size or quantum of traffic should immediately be transferred from a route operator to be a commuter-served community. Many of them are part of strong segments and probably will and should stay as they are. But what I am talking about is the many towns where two round trips (four departures) of a very heavy airplane, 737, DC–9 or a turbo prop, may be boarding only two or three people each departure, and where the traffic support on either or both sides of the town is equally sparse. Their problem is often further complicated by stage lengths of less than 100 miles.

It is possible that such a proposal, if widely used, would require some re-examination of current statutory authorities, but I would hope that a sound program would receive a sympathetic hearing in the appropriate forums.

Also I am not unaware of the difficulties inherent in such a program due to the uneasiness of your pilots who may think their long term job opportunities are threatened by the elimination of heavy aircraft in favor of smaller, or, even, by the transfer of route segments in toto to non-company operations.

But all of these problems must be faced, and somehow solved.

I want to make it clear that I am not advancing any CAB approved plan for changing the type of service to 20% of our towns. These thoughts are purely my own. I am very uneasy about what appears to be a steady, piecemeal, and uncoordinated leaning by local service air carriers away from their service obligations to smaller cities, and I'd like to see it reversed before it becomes of runaway proportions.

Had I been a local service airline president in 1965–67, I am sure that I would have been in the forefront of those moving to jets. And were I a local president today, I would most likely be trying very hard to exploit those dandy new route awards the Board gave me, and at the same time I'd be trying to get out of loss segments and unproductive towns. I would be, just as you are, responsvie and sensitive to the demands of your lenders and your stockholders.

But I am not so situated. My mandate is different from yours. The law imposes on me, and on my four colleagues, a requirement to foster development of an air transportation system best suited to the needs of commerce, the postal service, and the national defense of the United States. At least from my point of view, such a pattern would require a continuation of some satisfactory type of air service to smaller cities, particularly those in some isolation who may already have lost their historic public transportation with the steady decline of rail service and, more recently, of bus service as well.

For us at the Board to meet this transportation mandate successfully in an era where tremendous financal streesses are being placed on the viability of all segments of the air transport system is not easy. And in the specific area I have been talking about today it will be particularly hard. No community wants to lose its airline, its airmail, its sign of progress. Yet no airline can go on forever losing money and in the massive amounts that some of you have experienced and can easily see continuing if there are no changes in the costs and losses inherent in your present route obligations and responsibilities. Federal subsidy was supposed to be a temporary developmental support, not a permanent way of life, so your problem is further complicated by the logical Congressional goal of seeking the reduction and ultimate disappearance of subsidy.

On April 13 I asked the Board to undertake an in-depth study looking towards the development of a nationwide plan for keeping air service in as many of the smaller towns as possible, a plan which may include subsidized third level service to many towns now bordering too few passengers to support service by large aircraft.

I am particularly aware of the problems of the small cities because I have visited many of them in the past two years. Moreover, either because of these visits or perhaps because I come from one of the less populated states, countless representatives from the western states and from small communities stop by my office when they are in Washington. And I don't sleep very well at night after a representative from a small city like Williston very bitterly talks to me about the time, money and effort they have put into developing a quarter million dollar annual market for a local carrier, then to be abandoned in favor of a third level operator of whose viability they are uncertain. Nor do I like to walk out of a Senator's office after hearing from him that a fine town like Jackson, Wyoming, has no rail or bus service, and only minimal air service except in the tourist seasons.

One must puzzle and worry, as I do, to see boardings at Topeka go down in five years from 60,000 to 11,000; to see all certificated air carrier service withdrawn from Waycross, Georgia, with its 20,000 citizens; to see all carriers seeking to discontinue at Wilmington, Delaware, and to see town after town—Williston, North Dakota; Burley, Idaho; Salisbury, Maryland; Elkins, West Virginia; Johnstown, Pennsylvania; Rutland, Vermont; Land O'Lakes, Wisconsin; and Winona, Minnesota, to name a few—disappear from the certificated airline map.

The problem of what kind of an air service pattern the 48 states will have in the next decade is before us now. No one local service carrier can solve it. But all of you can help. Bold and imaginative study, both in your own organizations, whether at San Francisco or Minneapolis, or Denver or Houston, or Utica, and everywhere else, will help. And a free flow of ideas between you, and between you and the Board, will help also.

It should be remembered that a successful pattern of small airplane operations to small cities is just as important a part of our total air transport system of tomorrow as will be the long haul routes of the 747's and the supersonics.

We must develop a logical and well understood plan to solve this dilemma; otherwise an irregular and unsatisfactory patchwork of deletion and suspension at much too high a cost in resources, with the community heartache and inconvenience which will result. We must not permit this to happen.

STATEMENT OF INTERNATIONAL AFFAIRS COMMITTEE OF DEMOCRATIC POLICY COUNCIL ON CAMBODIA

(Mrs. MINK asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, one of our most esteemed citizens is the Honorable W. Averell Harriman, who among his other assignments is now chairman of the International Affairs Committee of the Democratic Policy Council. On May 7 Governor Harriman issued a statement criticizing President Nixon's invasion of Cambodia, and because of its insight I believe it should receive wide attention, and submit it at this point in the RECORD:

President Nixon's decisions to extend military operations into Cambodia and to resume temporarily the bombing of military targets in North Vietnam were serious mistakes of judgment. The domestic and international consequences were clearly predictable, yet Mr. Nixon proceeded on a course bound to divide our country still further, provoke a Constitutional crisis, aggravate our economic problems, and cause most of our friends and allies around the world to question our capacity for leadership.

The President must now bend every effort to minimize these consequences even though they cannot totally be undone. Our troops should be swiftly and permanently withdrawn from Cambodia. There is no conceivable military success in Cambodia worth the awful price we are paying at home and abroad. The existence of Cambodian sanctuaries has been known for years and the temptation to broaden the war long present. Whatever the President's intentions, the invasion across the Cambodian border cannot help but be seen as an expansion of the war and another fruitless effort to achieve by military action the "total victory" which is unachievable.

Most young people in this country do not believe in this war. They have worked long and hard to change policies through the democratic processes and now many have come to doubt that those processes work. It is they who must do the fighting, and their views are entitled to respect. Whatever the difficulties of the present and the mistakes of the past, this is no time to compound them—in Vietnam or in the United States.

For the Administration to ignore Constitutional processes and resort to further violence to solve essentially political problems at the very time when it is demanding respect for law and non-violent political action at home is bound to breed cynicism and disrespect among young and old alike.

The Cambodian venture is demonstrable proof that President Nixon does not have and never has had an effective plan for peace in Vietnam. The United States must disengage in Vietnam. We should speed up the pace of withdrawal and we should make it clear now that all United States forces will be withdrawn in an orderly and responsible manner.

Fifteen months after taking office President Nixon has reduced our forces by only 115,000. Between now and next spring he contemplates only an additional 150,000 men. And even this partial withdrawal of less than half our forces over nearly two and one-half years is dependent upon circumstances he does not and cannot control.

We cannot make our withdrawal contingent on military success in Cambodia, or Laos, or South Vietnam.

We cannot make our withdrawal contingent on what Hanoi does or does not do.

We cannot make our withdrawal subject to the veto of the Thieu government in South Vietnam.

We cannot indefinitely commit U.S. troops to support an unpopular and repressive government in South Vietnam nor should we allow ourselves to commit U.S. troops to maintain the new government in Cambodia.

The simple truth is that there is no way of achieving political victory in Vietnam through military actions. That is not the fault of the United States but the nature of the problem that exists there. The easy course is military escalation and appeals to patriotic sentiments. The politically difficult course is to have the courage and wisdom to face the hard facts and act upon them.

What kind of a political settlement that can be achieved is not clear. It is clear from President Thieu's own words that he is unwilling to consider any compromise and President Nixon has so far been unwilling to press the issue. His failure for months to appoint a high-level American negotiator, coupled with his actions of the past days, give little hope that negotiations are being seriously contemplated, let alone pursued. Surely we must know by now that expanding the war and bombing are not the way to a negotiated settlement.

STATEMENT BY PAGE M. ANDERSON, LIFE-LONG REPUBLICAN, ON CAMBODIA AND VIETNAM

(Mrs. MINK asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Mrs. MINK. Mr. Speaker, I am convinced that a majority of our citizens believe that President Nixon's recent actions in Vietnam and Cambodia are wrong.

This belief extends not only to Democrats but to lifelong Republicans who voted for Mr. Nixon in 1968.

Mr. Page M. Anderson, an attorney in Honolulu, Hawaii, recently wrote a most persuasive letter to the President explaining his disappointment with the President's actions and urging that our men be brought home.

For the benefit of my colleagues, I insert Mr. Anderson's letter at this point in the RECORD:

MAY 4, 1970.

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

DEAR MR. PRESIDENT: In the last election I voted for you with great anticipation. I thought then, as I do now, that the Vietnam War was the most unfortunate and ill-advised endeavor that the United States had ever undertaken. I voted for you because I hoped that you would be able to extract us from the morass easier than could any continuation of the old Administration. Subsequent steps, including withdrawal of troops, made me think that my hope was being fulfilled, although at a slower pace than would be advisable.

Your recent action in expanding the war and the apparent intent to get involved in Cambodia has dashed all such hope. I can only conclude that the military and the "experts" of the State Department have succeeded in breaking down your resistance and better judgment. Please understand that I am sure that your motives were of the highest, but that does not alter my view that your action was wrong and can only lead to an end just the opposite of your aim.

In 1942 I enlisted in the army and was discharged in 1946 as a Captain. I consider myself a loyal American and believe that America is the finest nation on earth. I have also been a life-long Republican, but this transcends party lines and dissent is necessary and the patriotic thing to do in this case. I listened carefully to your speech and to me it was not convincing. Whether or not the United States suffers its first defeat in war is not too important. What history will say as to the results of our venture into the Far East is. I am sure that it will disclose a sorry situation, with Vietnam as a devastated land, its economy ruined, its agriculture upset and almost destroyed, its people uprooted and relocated without regard to whether the new locations can furnish a livelihood or decent habitat, its land scarred and impregnated with dangerous and destructive chemicals, its people made dependent on the artificial and temporary support of a foreign nation's expenditures for military action. Complete victory over the Viet Cong would not be worth the price already paid. Now, and against the desires of most of the people of the United States and their representatives in Congress, you are expanding this situation into Cambodia, and history will disclose another black page if this is continued.

Your argument about saving American lives does not hold water. Obviously the best way to save American lives is to bring our men home.

There is so much to do at home in housing, ecology, civil rights, education, etc. We cannot afford to spend our resources in war in Asia. How much better also it would be to let things run their course in Vietnam and Cambodia and then, by financial and technical aid to whatever government emerges and the people, build up the country and guide it to our own desires at the same time. All we are doing by interfering now is solidifying reaction against the United States abroad and driving both nations into the arms of China.

Copies of this are being sent to the Senators and Representatives of Hawaii in Congress.

The statements made in this letter represent the personal opinion of the undersigned and are not to be taken as stating the position of the firm of which I am a member, or as the views of any of my partners or associates.

Very truly yours,

PAGE M. ANDERSON.

POLICY OF THE PENN CENTRAL TO SHIRK RESPONSIBILITY TO THE PUBLIC

(Mr. TIERNAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. TIERNAN. Mr. Speaker, it was announced last Friday that the Penn Central has asked the Interstate Commerce Commission for permission to discontinue 17 of 43 trains between Providence and Boston. This, in my opinion, is a blatant example of the continuing policy of the Penn Central to shirk their responsibility to the public.

Just 2 days before the Penn Central filed its discontinuance notice with ICC, Mr. William Tucker, vice president in charge of the New England region, was in my office to discuss pending railroad legislation. Not a word was said about the impending discontinuances. Surely this high official of the Penn Central was aware of the notice. In further attempt to stay out of the fire, their discontinuance notice was not filed until Friday afternoon, May 15, so that the announcement would not be made to congressional offices until Monday, May 18.

I am including at this point a letter to the editor, which appeared in the New York Times of today. I concur with Mr. O'Neill in his statement that the railroads are not willing to furnish good service. Decrepid stations, dilapidated cars, and unbelievably poor ticket service, are the rule and not the exception.

For years we have heard the railroads tell us that they did not have enough money to operate efficient and clean passenger service. Certainly the Federal Government should be assisting the railroads toward this end. But now is not the time to cut the service off. The Senate has recently passed the Rail Passenger Service Act. While this bill, in my opinion, is far from being adequate, it is a step in the right direction. Private business cannot expect us to go to the public and ask for monetary assistance for railroads, when the owners of the rails continue to do everything possible to bring all passenger service to a screeching halt.

Help is coming to the railroads. But

the truth is out. The Penn Central, for one, does not want help. They want out.

Mr. Speaker, the citizens of this country deserve better service. The Penn Central obviously cares only about their own profits. What is needed is a public-oriented management. I hope that we in the Congress can give this to our fellow citizens.

FOR RAILROAD SHAKEUP

To the EDITOR:

With Congress about to make some move in the railroad situation, Penn Central's bold recent try at shaking off the last of its responsibility for direct passenger train service between the country's two chief transportation centers should remind us that perhaps it is time the American public finally stopped leaving the health of its railroads in the hands of managements that find them more valuable to themselves dead than alive. [Editorial, May 18.]

If awake at long last, I hope we can begin repossessing the tremendous assets in the form of land, money, mineral rights, takings by eminent domain and public carrier franchises entrusted years ago to companies once professing a willingness to furnish satisfactory rail passenger and freight service in return for these grants, subsidies, and lendings of power, but now bent on making an uncomplicated dollar in almost any business but that of running railroads.

Nearly all railroad managements are less interested in the carrying of people than in the carrying of freight. In fact, for quite a while the chief interest of these managements has been the highly profitable leasing and selling off of real estate, mineral rights and all loose assets, and in almost any other non-railroad activity that caught their attention.

GRANTS OF LAND

The title of the railroad companies to the real estate, air rights and other assets being disposed of and leased—and to the proceeds of such past sales and leases—is in no way clear. The assorted public grants and lending of powers (by New York City itself along with other cities, states, and the Federal Government) were made by charters and agreements calling explicitly or by clear implication for the provision in return by the railroad companies, often in perpetuity, of satisfactory passenger and freight rail service.

If the roads aren't now willing to furnish that service, a solid share of their real estate holdings and assorted rights, and of the proceeds of past sales and leases of these, should promptly revert to the public ownership from which it came.

The values involved run into hundreds of millions of dollars and higher. With these once in hand, it should be no great trick to find agencies, public or private, willing to be endowed with shares of this stake and happy to apply them to the challenge of seeing if Americans, as well as Japanese, can't remember—or if need be, learn—how to make railroads work.

And if for once we can get off the defensive and begin putting our rights-of-way back in the hands of executives interested in seeing passenger service succeed rather than fail, perhaps we all might be pleasantly astonished by the speed with which improvement could come.

CHARLES O'NEILL.

GREENS FARMS, CONN., *May 6, 1970.*

TRIBUTE TO THE HONORABLE JOHN W. McCORMACK

(Mr. TIERNAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. TIERNAN. Mr. Speaker, it was with a certain feeling of sadness that I learned of Speaker McCORMACK's unexpected announcement of retirement effective at the completion of his present term. I sincerely regret that he has made this choice but I respect and honor his wishes in this decision.

I have been a Member of this great institution for just a little over 3 years but in that short span of time, I have come to know JOHN McCORMACK primarily as a man of singular high purpose and unselfish dedication.

I want him to know that I appreciate all the kindnesses and courtesies he has so willingly extended to me during my brief tenure and I thank him publicly for them.

JOHN McCORMACK is my friend and I am hopeful enough to think that he also considers me as his friend. I look forward to continuing this friendship in the years ahead.

OPERATION FLORIDA SUNSHINE

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, while recognizing the large differences of opinion in regard to the war in Southeast Asia, we as a nation must do all we can to help our wounded and hospitalized veterans of the Vietnam conflict.

Operation Florida Sunshine is a program designed to give rest and recuperation to those brave men wounded in the Vietnam conflict. The program, conceived in 1967 by Lt. Col. David F. Bird, Infantry, U.S. Army, is now entering its third year. Much of the success of this program belongs to the South Florida Chapter of the Disabled Officers Association and to its chapter commander, Lt. Col. Sydney G. Osborne.

I include the detailed account of the background on Operation Florida Sunshine in my remarks at this point:

BACKGROUND INFORMATION ON OPERATION FLORIDA SUNSHINE

LTC. David F. Bird, Inf., USA, Area Advisor, Miami Area, Third United States Army, a veteran of World War II, Korea and Vietnam, in 1967 conceived the idea of having wounded and hospitalized veterans of the Vietnam fighting brought to the Miami Area on a monthly basis during the off-season summer months. This for rest and recuperation. After approval of the Third United States Army this project was given the title, "Operation Florida Sunshine". The program is now entering it's third year.

Funds not being available for the welcoming, housing, feeding, and entertainment of these wounded veterans appeal was made to the hotels, restaurants, area transportation people, veterans organizations, civic and service clubs asking them to contribute time, funds and facilities to insure success of the operation.

That these young men who had suffered so much in the service of our country might know that their sacrifices were appreciated by the South Florida community, the establishment of an appropriate welcoming committee was deemed necessary. This was organized and placed in operation under the sponsorship of the South Florida Chapter, Disabled Officers Association. LTC Sydney G. Osborne, AUS. Retired, Chapter Commander and National Executive Committeeman of the national Association was appointed chairman. He continues to serve in that capacity. This committee now meets and greets each contingent of wounded veterans arriving in Miami under auspices of the program. Now, as many as fifty individuals representing different organizations frequently meet the incoming planes.

Present plans call for the soldiers to arrive the third Thursday of each month, and to return to their respective hospitals the following Monday. At times they arrive by Army plane, at other the Air Force, Air National Guard, or Air Reserve planes bring them. Upon arrival they first become guests of the Delta Air Lines in their VIP Room, Concourse One, Miami International Airport, there they are served refreshments and they and the members of the welcoming committee are introduced to each other.

After the welcoming ceremonies and the reception the wounded veterans are transported by bus donated by the American Sightseeing Tours Company to their hotels. They are also, during their stay, greeted by the Mayors of Both Miami and Miami Beach and are presented with keys to the cities.

Through October, 1969, hotel accommodations and services were the gift of the "Shower of Stars" hotel chain. Also, the Allison Hotel and the Lindsay Hopkins Hotel have contributed rooms and services. Registration for housing, some meals and hotel services began being handled by the Miami Beach Hotel Association in the Spring of 1970. The Miami hotelmen's group is adding their services.

In June, 1969, Lieutenant Colonel Bird was transferred from the Miami Area and left to take over an important assignment in Korea. Lieutenant Colonel Robert B. Maddux, CE, USA, succeeded Colonel Bird as Area Advisor.

Immediately upon his arrival Colonel Maddux evaluated the importance of "Operation Florida Sunshine." In spite of shortages of regular army personnel to perform necessary logistical services in connection with the project, he strongly recommended and urged Third Army to not only continue the operation, but to further expand its scope to embrace a round-the-year schedule of monthly visitations. Thus stepping the program up from a five or six month offseason effort to a twelve month operation. Receiving approval of the Commanding General, Third United States Army, Fort McPherson, Georgia, Colonel Maddux completed arrangements to successfully carry on the enlarged program.

Since its inception groups of wounded veterans have been flown into Miami and have been hosted for housing, meals, and entertainment by many diverse groups and individuals.

Outstanding in their entertaining of every group that has been brought to Miami since the beginning of the program has been the Zerick family of Kendall, Florida. Mr. and Mrs. Emery and Lura Zerick have the young veterans to their home where they enjoy informal and old-fashioned hospitality. The Zerick youngsters and nearby neighbors encourage the young veterans to relax and enjoy cook-outs, a swim in the pool, and just friendly conversation.

Organizations having the wounded soldiers as guests for a meeting, luncheon or dinner and for specially arranged entertainment include Lions, Kiwanis, Exchange, Optimist and Rotary clubs. Also, the Armed Forces League of Miami; Coral Gables, Miami Chapter of the Reserve Officers Association; Miami Chapter, The Military Order of the World Wars, Military Order of the Purple Heart; two Posts of the American Legion, a Veterans of Foreign Wars Post and three Chapters of the Disabled American Veterans.

Annually, the South Florida Chapter of the Disabled Officers Association honors those individuals and organizations who have contributed to the success of "Operation Florida Sunshine". Those who participate in one year receive the recognition and

awards the following year at an Annual Awards Banquet.

It is understood that the Commanding General, Third United States Army is now desirous of expanding the program to different areas of Florida and possibly to other States.

Mr. Speaker, the residents of Miami are proud of the part they are playing in providing housing, meals, and entertainment to the wounded war veterans and we are all hopeful that other areas of Florida and other States will contribute to the expansion of this most worthy program.

It was my privilege to participate in the third annual awards banquet of the South Florida Chapter of the Disabled Officers Association and I include a commentary on that banquet at this point:

Promptly at seven o'clock on the evening of Sunday, April Fifth, 1970, Lieutenant Colonel Sydney G. Osborne, Chapter Commander of the South Florida Chapter, Disabled Officers Association and also National Executive Committeeman, Southern Area of the National association called the Third Annual Awards Banquet and Installation of Officers meeting to order in the Auxiliary Room of the clubhouse of the Harvey W. Seeds Post #29, The American Legion.

Present were about 150 people to applaud the nineteen recipients of special awards, fifteen of which were for contributions of time, money and effort in welcoming, hosting and entertaining wounded veterans of the Vietnam fighting who were brought to the Greater Miami Area as part of "Operation Florida Sunshine". Four awards were for medical, diagnostic and surgical services rendered to veterans of all our wars by the Miami United States Public Health Clinic; the Homestead Air Force Base Hospital, and the Veterans Administration Hospital at Miami.

Leading the singing of the National Anthem was Captain Maurice Heck, Sergeant-at-Arms. Major Duncan T. P. Troutman, Past Chapter Commander led in The Pledge of Allegiance and Flag Salute. Lieutenant William A. Golkopf, Senior Vice Commander read the chapter's "Preamble". Lieutenant Theron B. Hermes, Charter Chapter Commander, Past National Executive Committeeman and present Chaplain gave the Invocation. Mr. Johnson E. Davis, Commander of American Legion Post #29 welcomed those present to their clubhouse. He was proud of their outstanding membership standing.

Colonel Osborne in his welcoming address expressed his great pleasure at having so many of those who had significantly contributed to the success of "operation Florida Sunshine" present and congratulated them on having built it into the successful community program it had become.

He stated, "You have, over more than 2½ years, in ever increasing numbers, enthusiastically demonstrated to the hundreds of hospitalized wounded veterans of the Vietnam fighting, brought to this area for rest and recreation, that theirs sufferings, sacrifices and services are recognized and appreciated."

"Your display of genuine old-fashioned hospitality in hosting these young heroes in your homes and at your clubs gave them assurance that they were indeed among true friends."

"—you who have hosted these wearers of the Purple Heart have been rewarded by enjoying the knowledge that you too, have served."

Upon being introduced as Master of Ceremonies, Major Walter S. Van Poyck, a Past Chapter Commander, Past Alternate National Committeeman and officer in many national veterans groups. A much decorated veteran of World War II spoke most inspirationally and reminded those who felt they would like to expand the programs of "Operation Florida Sunshine" that all they had to do to transfer words to deeds, was to become involved.

Honorable Claude Pepper, Congressman, from the 11th Florida Congressional District spoke most glowingly of "Operation Florida Sunshine" and of the leading part taken in it by the South Florida Chapter. At one point in his remarks he suggested that possibly the name should be changed to, "Operation Florida Sunshine and Gratitude".

Colonel D. George Paston, as the National Commander's representative brought greetings from him. Then, in his capacity of Chairman, of the National Legislative Committee he carefully and clearly discussed the status of pending legislation of interest to the retired disabled officer and his dependents. In spite of the present outlook for recomputation he held out hope for it's passage and urged all to continue to write their congressmen and senators.

Awards were then presented by the Chapter Commander, aided and assisted by Major Van Poyck, Master of Ceremonies and Captain Heck, Sergeant-at-Arms. Receiving them were: Colonel Ned F. Conner, MSC., USAF., Hospital Administrator, 4531st Tactical Hospital, Homestead Air Force Base; Dr. Tracy Levy, Medical Director, Miami Outpatient Clinic, United States Public Health Service; Dr. Albert Tomasulo, MD., Director, United States Veterans Hospital at Miami. Brigadier General David W. Hanlon, USA, represented and received an award for Lieutenant General A. O. Connor, Commander of the United States Third Army. Lieutenant Colonel Robert B. Maddux, CE., USA., Area Advisor, Miami Sector received a citation for carrying-on "operation Florida Sunshine".

Receiving awards for hosting and entertaining the various contingents of wounded veterans of the Vietnam fighting, brought to Miami, were: Mr. Tracy Horton, District Manager of Delta Air Lines; Mr. Daniel G. Powers, President, American Sightseeing Tours Company; Mr. and Mrs. Emery and Lura Zerick; Miss Gloria Kingsley; Captain Richard H. Carl, President, Coral Gables-Miami Chapter, Reserve Officers Association; Colonel Emrys C. Harris, Commander, Miami Chapter, The Military Order of the World Wars; Mr. Johnson E. Davis, Commander, Harvey W. Seeds Post No. 29, The American Legion; Mrs. Ruth Kessler, Adjutant, Sullivan-Babcok Post No. 32, The American Legion; Mr. John Protos, Commander, William A. McAllister Post No. 1608, Veterans of Foreign Wars of the United States; Mr. Fred C. Frazier, Commander, Disabled American Veterans, Miami Post No. 10; Mr. Johnny Clark, Commander, Disabled American Veterans, Hollywood Post No. 41; Mr. George Pfaffendorf, Commander, Disabled American Veterans, Hialeah-Miami Springs Post No. 43; Mr. Ed Ponzel, Chairman, "Operation Florida Sunshine Committee", Palm Springs Lions Club, Lions International-District 35–A; and Mr. Thomas Ivey, President, Northside Lions Club, Lions International-District 35–A.

After presentations of the citations the Commander recessed the meeting for five minutes after which, upon reassembling Colonel Granville B. Smith, Commander of the Manasota Chapter of the Disabled Officers Association located in Sarasota, Florida inducted the officers and executive committeemen in a brief ceremony.

In closing Colonel Osborne called upon all present to continue their patriotic services through the medium of "Operation Florida Sunshine" and urged that they recruit others to join voluntarily in expanding the project during the coming year.

Everyone next stood reverently, and each in his or her own way, offered a silent and heartfelt prayer for the safety of all our servicemen, wherever stationed. The meeting was adjourned at 10:15 P.M.

Mr. Speaker, as I did on that occasion, I again wish to offer my warm and personal thanks to all who have so enthusiastically participated in this effort to show the wounded veteran of the Vietnam conflict that we are truly grateful for the sacrifices they have undertaken.

SOCIAL SECURITY AMENDMENTS OF 1970

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, it is appropriate that we, this month, Senior Citizens Month, enact legislation responsive to the needs of our Nation's elderly.

We in Congress may be proud of the legislative achievements in social security, medicare, and medicaid but we cannot become complacent or unaware of the many yet unmet needs of those who depend on these programs for their very existence.

I wish at this time to commend the Committee on Ways and Means and their able chairman for their efforts in this difficult task and for the bill which we have before us today.

I was privileged to testify before this fine committee last October on their first day of hearings on amendments to the Social Security Act and at that time I offered many proposals which have been included in the bill we are considering today.

I have long advocated increasing cash benefits to an amount that would allow our older Americans to live with dignity and not be subjected to the humility of poverty due to an inability to work, inflation, and outdated laws.

From my days in the Senate, I have long advocated not only increasing these cash benefits, but increasing the base that these benefits cover.

I am pleased that this bill does both.

Although I have in the past recognized the necessity for a cost-of-living increase provision, I am against such a provision if it in any way would make comprehensive and meaningful reform more difficult. I am against such a provision if it is used as an excuse against periodic actions by Congress to implement farther reaching benefits and if it becomes, in effect, the only increase the elderly will get in the future. We have not yet provided adequately for those covered by social security to be satisfied with merely cost-of-living increases from here on in. Far more must be done.

I view this bill, instead, as another significant step toward meeting the needs of the elderly—another step and not the final step.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

Mr. KLUCZYNSKI (at the request of Mr. ALBERT), for today and the remainder of the week, on account of official business.

Mr. MATSUNAGA (at the request of Mr. ALBERT), for today, on account of official business.

Mr. BURTON of California, for May 25 through May 29, on account of official business.

Mr. BYRNE of Pennsylvania (at the request of Mr. DENT), for Thursday, May 21, 1970, on account of illness.

Mr. HUNGATE, for May 25 through May 27, 1970, on account of official business in the Ninth District of Missouri.

Mr. BURLISON of Missouri, for today after 4 p.m., until Monday, May 25, 1970, an account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WHITEHURST) to revise and extend their remarks and include extraneous matter:)

Mrs. HECKLER of Massachusetts, for 10 minutes, today.

Mr. MILLER of Ohio, for 5 minutes, today.

(The following Members (at the request of Mr. DANIEL of Virginia), to revise and extend their remarks and to include extraneous matter to:)

Mr. ROONEY of New York, today, for 10 minutes.

Mr. LOWENSTEIN, today, for 30 minutes.

Mr. REUSS, today, for 30 minutes.

Mr. RARICK, today, for 10 minutes.

Mr. GONZALEZ, today, for 10 minutes.

Mr. FARBSTEIN, today, for 20 minutes.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ICHORD, and to include extraneous matter.

Mr. PELLY to include the speech of President Nixon of September 25, 1968, with his remarks made today in the Committee of the Whole on H.R. 15424.

Mr. MILLS, to revise and extend his remarks made during the debate today, and to include therewith tables and charts.

All Members who speak on H.R. 17550 (at the request of Mr. MILLS), to revise and extend their remarks in the debate today and to include tables and charts.

Mr. WHITEHURST, immediately following the remarks of Mr. DOWNING in the Committee of the Whole today on the merchant marine program.

Mr. PICKLE to extend his remarks in the RECORD immediately preceding passage of H.R. 15424.

(The following Members (at the request of Mr. WHITEHURST) and to include extraneous matter:)

Mr. RUTH in two instances.
Mr. STEIGER of Wisconsin.
Mr. FINDLEY.
Mr. WEICKER in two instances.
Mr. ZION.
Mr. ESCH.
Mr. COWGER.
Mr. ESHLEMAN.
Mr. BEALL of Maryland.
Mr. DON H. CLAUSEN in three instances
Mr. HUNT in two instances.
Mr. FOREMAN in two instances.
Mr. SCHERLE in three instances.
Mr. WYMAN in two instances.
Mr. Bow in three instances.
Mr. DUNCAN in two instances.
Mr. REID of New York in two instances.
Mr. MICHEL.
Mr. SHRIVER in two instances.
Mr. CRAMER in five instances.
Mr. RUPPE in two instances.
Mr. SCHWENGEL.
Mr. WOLD.
Mr. HOGAN in two instances.
Mr. HORTON.
Mr. ZWACH.
Mr. POLLOCK.
Mr. HAMMERSCHMIDT in two instances.
Mr. BOB WILSON in three instances.
Mr. DERWINSKI in three instances.
Mr. COLLINS in three instances.
Mrs. MAY.
Mr. MCCLOSKEY in three instances.
Mr. WHITEHURST.
Mr. PRICE of Texas.
Mr. CUNNINGHAM in three instances
Mr. TAFT.
Mr. BRAY in three instances.

(The following Members (at the request of Mr. DANIEL of Virginia) and to include extraneous matter:)

Mr. LONG of Maryland in two instances.
Mr. SYMINGTON.
Mr. MATSUNAGA.
Mr. PICKLE in six instances.
Mr. LONG of Louisiana in two instances.
Mr. HUNGATE in two instances.
Mr. HICKS.
Mr. RARICK in three instances.
Mr. JACOBS.
Mr. JOHNSON of California in two instances.
Mr. ANDREWS of Alabama.
Mr. GONZALEZ in two instances.
Mr. SCHEUER in three instances.
Mr. POWELL.
Mr. O'NEILL of Massachusetts in two instances.
Mr. BENNETT.
Mr. FOLEY.
Mr. FOUNTAIN.
Mr. O'NEAL of Georgia in two instances.
Mr. FRIEDEL in two instances.
Mr. UDALL in two instances.
Mr. GRIFFIN in two instances.
Mr. GETTYS in two instances.
Mr. FUQUA.
Mr. ICHORD in two instances.
Mr. CONYERS in three instances.
Mr. BRADEMAS in 10 instances.
Mr. RYAN in three instances.
Mr. ROGERS of Florida in five instances.
Mr. DORN in two instances.
Mr. HAGAN in two instances.
Mr. ANDERSON of California in two instances.
Mr. HANLEY.

ENROLLED BILLS SIGNED

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 11372. An act to amend the act entitled "An act to authorize the partition or sale of inherited interests in allotted lands in the Tulalip Reservation, Wash., and for other purposes," approved June 18, 1956 (70 Stat. 290); and

H.R. 12878. An act to amend the act of August 9, 1955, to authorize longer term leases of Indian lands at the Yavapai-Prescott Community Reservation in Arizona.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2624. An act 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; and

S. 3818. An act to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 11372. To amend the act entitled "An act to authorize the partition or sale of inherited interests in allotted lands in the Tulalip Reservation, Wash., and for other purposess," approved June 18, 1956 (70 Stat. 290); and

H.R. 12878. To amend the act of August 9, 1955, to authorize longer term leases of Indian lands at the Yavapai-Prescott Community Reservation in Arizona.

ADJOURNMENT

Mr. DANIEL of Virginia. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 17 minutes p.m.), under its previous order, the House adjourned until Monday, May 25, 1970, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2075. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting a report of contracts negotiated by the Department of Defense under the authority of sections 2304(a)(11) and (16), for the period July-December, 1969, pursuant to the provisions of 10 U.S.C. 2304(e); to the Committee on Armed Services.

2076. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to provide for the reporting of weather modification activities to the Federal Government; to the Committee on Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 11913. A bill to amend the Public Health Service Act to provide authorization for grants for communicable disease control; with an amendment (Rept. No. 91-1114). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLAND: Committee on Appropriations. H.R. 17755. A bill making appropria-

tions for the Department of Transportation and related agencies for the fiscal year ending June 30, 1971, and for other purposes (Rept. No. 91–1115). Referred to the Committee of the Whole House on the State of the Union.

Mr. McMILLAN: Committee on the District of Columbia. H.R. 17601. A bill to exempt Federal Housing Administration and Veterans' Administration mortgages and loans from the interest and usury laws of the District of Columbia, and for other purposes; with amendments (Rept. No. 91–1116). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 17473. A bill to extend the period for filing certain manufacturers claims for floor stocks refunds under section 209(b) of the Excise Tax Reduction Act of 1965 (Rept. No. 91–1117). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 17741. A bill to improve intergovernmental relationships between the United States and the States and municipalities, and the economy and efficiency of all levels of government, by providing Federal block grants for States and localities which take steps to modernize State and local government; to the Committee on Government Operations.

By Mr. BIAGGI:

H.R. 17742. A bill to increase the availability of mortgage credit for the financing of urgently needed housing, and for other purposes; to the Committee on Banking and Currency.

By Mr. BYRNES of Wisconsin:

H.R. 17743. A bill to amend the Tariff Schedules of the United States with respect to the method of determining what articles fall within the additional import restrictions set forth in part 3 of the appendix of such schedules; to the Committee on Ways and Means.

By Mr. FARBSTEIN:

H.R. 17744. A bill to prohibit common carriers in interstate commerce from charging elderly people more than half fare for their transportation during nonpeak periods of travel, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HANSEN of Idaho (for himself and Mr. McCLURE):

H.R. 17745. A bill to amend the Tariff Schedules of the United States with respect to the rate of duty on whole skins of mink, whether or not dressed; to the Committee on Ways and Means.

By Mr. KOCH:

H.R. 17746. A bill to provide that the Federal office building at 26 Federal Plaza, New York, N.Y., shall be named the "Robert Francis Kennedy Federal Office Building" in memory of the late Robert F. Kennedy, Attorney General from 1961 to 1964 and a Member of the U.S. Senate from the State of New York from 1965 to 1968; to the Committee on Public Works.

By Mr. LEGGETT:

H.R. 17747. A bill to provide for orderly trade in textile articles and articles of leather footwear, and for other purposes; to the Committee on Ways and Means.

By Mr. LONG of Louisiana:

H.R. 17748. A bill to enable the Secretary of Agriculture to develop the resources of the national forests, and for other purposes; to the Committee on Agriculture.

By Mr. McCARTHY:

H.R. 17749. A bill to provide a comprehensive Federal program for the prevention and treatment of drug abuse and drug dependence; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK:

H.R. 17750. A bill to declare the tidewaters in the waterway of the Fort Point Channel lying between the northeasterly side of the Summer Street highway bridge and the easterly side of the Dorchester Avenue highway bridge in the city of Boston nonnavigable tidewaters, to the Committee on Interstate and Foreign Commerce.

By Mr. OLSEN:

H.R. 17751. A bill to amend the Federal Aviation Act of 1958 to authorize reduced rate transportation for elderly people on a space-available basis; to the Committee on Interstate and Foreign Commerce.

By Mr. PATMAN (for himself and Mr. BURKE of Massachusetts):

H.R. 17752. A bill to increase the availability of mortgage credit for the financing of urgently needed housing, and for other purposes; to the Committee on Banking and Currency.

By Mr. YATRON:

H.R. 17753. A bill to increase the availability of mortgage credit for the financing of urgently needed housing, and for other purposes; to the Committee on Banking and Currency.

By Mr. HOGAN (for himself, Mr. FUQUA, and Mr. BROYHILL of Virginia):

H.R. 17754. A bill to exempt Federal Housing Administration and Veterans' Administration mortgages and loans from the interest and usury laws of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. BOLAND:

H.R. 17755. A bill making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1971, and for other purposes.

By Mr. BARING:

H.R. 17756. A bill to declare that the United States holds in trust for the Reno-Sparks Indian Colony certain lands in Washoe County, Nev.; to the Committee on Interior and Insular Affairs.

By Mr. BIESTER:

H.R. 17757. A bill to amend title XVIII of the Social Security Act to provide payment for chiropractors' services under the program of supplementary medical insurance benefits for the aged; to the Committee on Ways and Means.

By Mr. DON H. CLAUSEN (for himself and Mr. DENNEY):

H.R. 17758. A bill to require the Secretary of the Army to consider environmental benefits and their costs in making certain determinations with respect to water resources development projects; to the Committee on Public Works.

By Mr. CONYERS (for himself, Mr. ADDABBO, Mr. ANDERSON of Tennessee, Mr. BROWN of California, Mrs. CHISHOLM, Mr. CORMAN, Mr. DERWINSKI, Mr. DINGELL, Mr. FLOOD, Mr. HUNGATE, Mrs. MINK, Mr. MOORHEAD, Mr. OTTINGER, Mr. PIRNIE, Mr. POWELL, and Mr. QUIE):

H.R. 17759. A bill to provide for the issuance of a commemorative postage stamp in honor of Dr. Daniel Hale Williams; to the Committee on Post Office and Civil Service.

By Mr. CONYERS (for himself, Mr. REUSS, Mr. RODINO, Mr. ROSENTHAL, Mr. RYAN, Mr. SCHEUER, Mr. STOKES, Mr. TUNNEY, Mr. VAN DEERLIN, Mrs. GREEN of Oregon, Mr. HORTON, Mr. BURTON of California, Mr. HELSTOSKI, Mr. THOMPSON of New Jersey, and Mr. CLAY):

H.R. 17760. A bill to provide for the issuance of a commemorative postage stamp in honor of Dr. Daniel Hale Williams; to the Committee on Post Office and Civil Service.

By Mr. FISHER (for himself, Mr. BERRY, Mr. CAMP, Mr. DELLENBACK, Mr. DOWDY, Mr. WYATT, Mr. TALCOTT, Mr. STEED, Mr. SEBELIUS, Mr. POAGE, Mr. EDMONDSON, and Mr. WINN):

H.R. 17761. A bill to provide for orderly trade in textile articles and articles of leather footwear, and for other purposes; to the Committee on Ways and Means.

By Mr. HOLIFIELD:

H.R. 17762. A bill to define the authority of the President of the United States to intervene abroad or to make war without the express concent of the Congress; to the Committee on Foreign Affairs.

By Mr. PEPPER:

H.R. 17763. A bill to amend the Older Americans Act of 1965 to provide grants to States for the establishment, maintenance, operation, and expansion of low-cost meal programs, nutrition training and education programs, opportunity for social contacts, and for other purposes; to the Committee on Education and Labor.

By Mr. SCHEUER:

H.R. 17764. A bill to provide for the establishment and coordination of programs to make housing available for the elderly; to the Committee on Banking and Currency.

By Mr. DELLENBACK:

H. Con. Res. 637. Concurrent resolution calling on United Nations to effect a ceasefire in Indochina, to call an international conference, and to establish an Indochina Relief Agency; to the Committee on Foreign Affairs.

By Mr. HAWKINS:

H. Con. Res. 638. Concurrent resolution joint meeting of Congress on American involvement in war in Southeast Asia; to the Committee on Rules.

By Mr. QUIE (for himself, Mr. ANDERSON of Illinois, Mr. ANDREWS of North Dakota, Mr. BROWN of California, Mr. BUTTON, Mr. ERLENBORN, Mr. FRASER, Mrs. HANSEN of Washington, Mr. HARRINGTON, Mr. HORTON, Mr. KEITH, Mr. KYL, Mr. LUJAN, Mr. McKNEALLY, Mr. POWELL, Mr. REES, and Mr. ZWACH):

H. Con. Res. 639. Concurrent resolution expressing the sense of the Congress with respect to the establishment of a United Nations international supervisory force for the purpose of establishing a cease-fire in Indochina to aid efforts toward a political solution of current hostilities; to the Committee on Foreign Affairs.

By Mr. ROSENTHAL:

H. Con. Res. 640. Concurrent resolution expressing the sense of the Congress with respect to the action of the President of the United States in connection with the involvement of U.S. military forces in Cambodia and censuring the President for such action; to the Committee on Foreign Affairs.

By Mr. SCHWENGEL:

H. Con. Res. 641. Concurrent resolution expressing the sense of the Congress relating to the need for incentive payments in the Agricultural conservation program and the watershed protection and flood prevention program; to the Committee on Agriculture.

By Mr. STANTON (for himself and Mr. COLLIER):

H. Con. Res. 642. Concurrent resolution expressing the sense of the Congress that the President should establish a commission to examine the recent events at Kent State and other college campuses; to the Committee on Education and Labor.

By Mr. COHELAN:

H. Con. Res. 643. Concurrent resolution providing for a joint session of Congress; to the Committee on Rules.

By Mr. ROONEY of New York:

H. Res. 1042. Resolution to avoid further U.S. involvement in an Indochina war; to the Committee on Foreign Affairs.

By Mr. BIAGGI:

H. Res. 1043. Resolution investigation of

the veterans hospital system; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolution were introduced and severally referred as follows:

By Mr. BRINKLEY:

H.R. 17765. A bill for the relief of Modesto Marcial Ferrer; to the Committee on the Judiciary.

By Mr. LONG of Louisiana:

H.R. 17766. A bill for the relief of Richard C. Walker; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

491. By Mr. LONG of Louisiana: Petition of Louisiana AFL–CIO as per resolution adopted by its convention held in Baton Rouge, La., April 13–16, 1970, urging that action be taken to reduce these high-interest rates by the President of the United States, that the Congress of the United States take action immediately to force a reduction in the interest rates to a reasonable level in the interest of the people of the United States; to the Committee on Banking and Currency.

492. By the SPEAKER: Petition of the Presbytery of Potomac, Synod of Virginia, Presbyterian Church in the United States, relative to Cambodia; to the Committee on Foreign Affairs.

EXTENSIONS OF REMARKS

BUFFALO ARMY NURSE TO GET STAR

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 20, 1970

Mr. DULSKI. Mr. Speaker, a native of my home city of Buffalo, N.Y., who has risen through the ranks to become the Chief of the Army Nurse Corps, Col. Anna Mae Hays, has been nominated by President Nixon to be one of the first two women generals in our Nation's history.

Congress authorized general officer rank for women 3 years ago, but this is the first time that a President has submitted a nominaion for this rank to the Senate for confirmation.

This is a great honor for Colonel Hays, and while she has been away from our city for a long time, we still consider her a Buffalonian. I know I can speak for Buffalonians, in general, that they are proud to have one of their own achieve this high and responsible position and honor.

Mr. Speaker, as part of my remarks I include the Associated Press story on the nominations which was published by the Buffalo Courier-Express on May 16:

BUFFALO WOMAN IS NAMED GENERAL IN A FIRST FOR U.S.

WASHINGTON.—President Nixon has nominated the first two women generals in the history of the U.S. armed forces, it was announced Friday.

The Pentagon said Col. Elizabeth P. Hoisington, director of the Women's Army Corps, and Col. Anna Mae Hays, chief of the Army Nurse Corps, have been selected by the President for promotion to the temporary rank of brigadier general.

FIRST TIME

Congress authorized general officer rank for women three years ago, but this is the first time that any woman in uniform has been picked to wear a star.

Col. Hoisington, a native of Newton, Kan., enlisted in the World War II Women's Army Auxiliary Corps in 1942 and was commissioned a year later. She became director of the WAC in August 1966.

Col. Hays, born in Buffalo, N.Y., Feb. 16, 1920, also entered the Army in World War II, first serving in 1942 as an operating-room nurse. She became chief of the Army Nurse Corps in September 1967.

When asked about her days in Buffalo, Col. Hays said, "I'm afraid I don't remember the city because I spent only a few years of my early childhood there. But, I do remember being told that there was plenty of snow around when I was born."

FROM NEWSMEN

Col. Hays learned about her nomination from a newsman after she had left her office for the day.

She seemed skeptical, saying, "I'll have to call somebody and find out."

She said she had left her office during the afternoon "because I had to get my uniform fixed."

About the only other thing that Col. Hays could say, in her surprise was, "My Goodness."

Col. Hoisington's Pentagon office was the scene of great jubilation.

The WAC chief told a reporter over the phone that about 25 of her male officer friends had come in to congratulate her, and "they all are kissing me."

NO INDICATION

Col. Hoisington said she had learned of her nomination only a few minutes before the public announcement and that she had had no advance indication of it.

Neither of the women colonels said they regarded their promotion as a strike for womankind.

"We've always gotten our due from the Army," said Col. Hoisington, who described herself as "an Army brat." Her father was a colonel and her three brothers all went to West Point.

"The army is my first love," she said.

PAVING WAY

Col. Hoisington said more and more women colonels are being named and "they are paving the way for others to follow."

Col. Hays, when asked about the drive for women's liberation, said "let's not talk about that."

She said she regarded her promotion as "recognition for service."

Col. Hoisington is 51, Col. Hays is 50.

Col. Hays, a widow, served in India during World War II, in Korea and Japan during the Korean war and later rose to head nursing positions in a series of Army hospitals, including Walter Reed.

ONE CENTURY LATER: THE REPUBLIC LIVES

HON. ROBERT L. F. SIKES

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 20, 1970

Mr. SIKES. Mr. Speaker, as we approach Memorial Day, I wish to call attention to a touching editorial which appeared in the Pensacola News-Journal, Sunday, April 26. It refers to Confederate Memorial Day, which more and more is overlooked as new problems and new people crowd onto the scene. There are still many of us who carry in our veins the blood of those who fought in that tragic conflict in the 1860's. As the years pass, the right or wrong of it fade, but not the heroism and the courage. The editorial is one of the finest documents that I have read and I am pleased to submit it for publication in the RECORD:

ONE CENTURY LATER: THE REPUBLIC LIVES

There are those who think it should be forgotten—this brief, bitter, and bloody, but somehow glorious, period in American history.

There are those who would hide the flags, raze the monuments, and blot from the pages of history the only war America ever lost; lost because its people fought not other nations but each other, friend against friend, brother against brother.

There are those who say that the American Civil War—or the War Between the States—should not be remembered; the Southern dead not honored, the causes forgotten.

For, they say, the flag and the causes of the Confederacy symbolize only a shameful period of history, when white men held black men enslaved in chains and drove them to fields like beasts of burden.

They are wrong, these people. Wrong in their contention that any chapter in history should be forgotten, whatever cause; wrong most of all in their contention that the war was prompted by and fought by slave owners unwilling to give up the trade in human lives.

Certainly, the issue of slavery was one of the factors which led eventually to a break between the Northern and Southern states; but it seems somehow to have been forgotten that Abraham Lincoln, at the time of his election, had asked that a resolution be passed in Congress promising never to alter the Constitution to interfere with slavery where it was already established, and that the Confederate Constitution itself abolished the African slave trade.

The issue, in fact, revolved primarily around Article X of the United States Bill of Rights, which says: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, and to the people."

The war was fought in an attempt to halt the centralization of power in Washington, D.C., and retain it to the respective states and local government.

It is an issue not dead these 105 years after the war; indeed, now many former advocates of a strong federal government are becoming aware of the need for decentralization of power.

But it is not for the political reasons, of that time or this, that Southerners each year